

CONSUMERS CREDIT UNION
History Report



Your life. Our commitment.

**CREDIT UNION
BY-LAWS**

ARTICLE I

The name of this corporation shall be Waukegan Co-operative
at 667 McAllister Ave.
in the city of Waukegan,
County of Lake in the State of Illinois.

ARTICLE II—PURPOSES AND POWERS.

The purposes of this Credit Union shall be to promote thrift among its members and to make loans to its members at reasonable rates, with or without security. By authority granted in Section three (3) of "An Act in relation to Credit Unions," under which this association is organized, its powers shall be to receive the savings of its members as payments on shares, to make loans to members for provident or productive purposes, to deposit in State and National Banks, to invest in any securities issued or guaranteed by the United States or any state or municipality within the United States and to borrow money as provided in said Act.

ARTICLE III—MEMBERSHIP.

Any person member of Co-operative Trading Co., Waukegan, Ill. upon subscribing for one or more shares and paying for the same in whole or in part, together with as provided in Article X of these By-laws shall become a member of this Credit Union have signed and acknowledged these by-laws, in duplicate, and by the terms of which we agree to be bound.

Handwritten signatures:
 Jacob Luttala, Ermi Hakana, Hanni Luttala, Edward Carlson, Sivo Laukkanen, Antares A. Carros, Matt Lippach, Paul Albright, R.B. Miller, Walter Hallen, W.E. Carros, Geo. Laari

STATE OF ILLINOIS,
County of Lake ss.
City of Waukegan

On the first day of April, 1930, personally appeared before me the above named persons, known to be the persons who executed the foregoing certificate and severally acknowledged that they executed the same for the uses and purposes therein set forth

Notary Public
Edward J. Jari

The foregoing by-laws are approved by the undersigned this 1st day of May, 1930.
Oscar Nelson
Auditor of Public Accounts.

603-Form 11

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Sec. 1. The business of the Credit Union shall be conducted on the second Monday of each month, unless otherwise provided by the secretary with notice thereof to the members at least ten days in advance of the meeting.

Sec. 2. The time of the meeting shall be notified by the secretary to the members at least ten days in advance of the meeting.

Sec. 3. The members shall vote by ballot, and the ballot shall be secret.

Sec. 4. The members shall elect a board of directors, consisting of not less than five and not more than ten members, who shall hold office for one year and until their successors are elected.

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Dedication . . .

It is with sincere pleasure that we dedicate this history of Consumers Cooperative Credit Union to you, the members, who have kept the Credit Union alive and thriving throughout the vicissitudes of its more than sixty years.

It was once said that the only way for evil to triumph in adversity is if enough good men and women do nothing. Back in the 1970's when the Credit Union faced its most difficult crisis, the loss of its sponsor, you the members **did** something — you rallied round to form a newer and stronger Credit Union to overcome the loss. You stood firm at a time when a lesser people would have given up hope, so that today, your Credit Union is one of the healthiest in the Credit Union movement.

That is why we dedicate this history to you. We thank you for electing strong, volunteer leaders to steer your Credit Union through the turbulent era of the 1930's, the Credit Union's beginning, the difficulties of the 1970's, the loss of its sponsor, and the 1990's, our future.

Finally, we would like to acknowledge the diligent time and effort of James (Jim) W. Conklin in helping us research and place to paper the history of our Credit Union. We hope you will enjoy this chronicle of our ultimate success and will continue to join us in forging the pages of our future.

The Credit Union History Committee

John R. Janezic, Chairman

Raymond W. DeWeerth

Roman Miller

William M. Reidel

Ernest W. Wooldridge

With special thanks to all subsequent contributors to this document



More than 90 years of service

This is the story of a Credit Union that refused to quit when its sponsor went out of business more than 20 years ago.

When, in 1970, Consumers Cooperative Credit Union's parent, Cooperative Trading, Inc., buffeted by mounting expenses and unable any longer to compete with the giant food chains, decided to liquidate, the financially sound Credit Union was left an orphan.

By law, every Credit Union must have a sponsor to come into existence and to remain in business. But Consumers Cooperative Credit Union's sponsor was no more, so its leaders had to look for a way to keep the Credit Union alive. Illinois regulators were sympathetic to its plight. Everyone agreed that a way must be found to preserve one of the strongest and best-managed financial institutions in the state. Because of the close-knit, cooperative character of its membership, merger into another Credit Union would not be a satisfactory remedy.

But an acceptable — and effective — solution was soon found. How it came about is told in this history of Consumers Cooperative Credit Union. It is a story with a happy ending. It shows what people of courage and commitment can do when they start out to overcome seemingly insurmountable obstacles.

It All Began With Milk Prices

A few cans of milk purchased by a small group of housewives refusing to accept the dictates of milk dealers were the stepping stones leading to the organization of the Cooperative Trading Company of Waukegan in the fall of 1910.

Milk dealers had raised the price of milk from six to eight cents a quart. Protests to the dealers went unheard, so a group of south-side housewives formed a small buying club to purchase milk directly from the farmers at six cents a quart, with a small

margin of profit. The thrifty housewives were in business for themselves.

Inspired by the success of the women's venture, the men discussed the formation of a cooperative organization. Many of these people were Finnish immigrants, part of the large group from Europe that had come to work in the rising industries in the United States. Most of them were already familiar with the history and principles of the Rochdale cooperatives.

A Co-Op Is Born

The Waukegan group held meetings, carried on education work, and, on May 5,

1911, 62 incorporators formed a cooperative dairy with a capitalization of \$2,000. A private dealer sold his equipment to the cooperators for \$500. The processing and distribution of milk passed into the hand of its consumers.

In 1916 the co-op, in response to the demands of its membership, added a grocery and meat department. Its name was changed to Cooperative Trading Company. By 1935 the co-op had five branch stores. By the close of its 25th year, it had other products for sale, including gasoline and oil.



The delivery of milk changes shape from the horse and wagon to the motorized vehicle, May 11, 1956.

The 1930s: The Depression Years

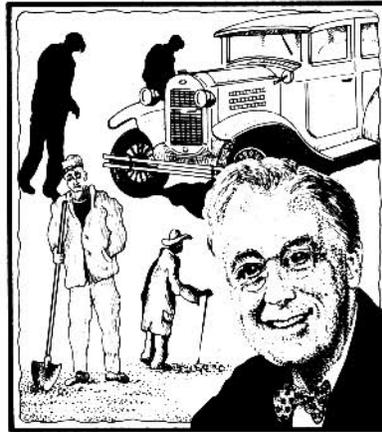
What kind of year was 1930? The Great Depression was just beginning its 10-year reign of terror. Five million Americans were unemployed, compared to three million in 1929. Demonstrators in every major city demanded unemployment insurance.

But not all the news was bad in 1930. That was also the year that Consumers Cooperative Credit Union was born. Oscar Nelson, the Illinois state auditor of public accounts, chartered Consumers Cooperative Credit Union on May 1, 1930. Called the Waukegan Cooperative Credit Union, it was set up to serve the saving and lending needs of "members of the Cooperative Trading Company of Waukegan, Illinois." It was the 68th Credit Union to be chartered by the state. Only 19 of the original 68 survive today.

Inspiration for the Credit Union came from a talk delivered by Roy F. Bergengren, managing director of the Credit Union National Extension Bureau. Jacob (Jack) Liukku, the veteran manager of the Trading Company, invited Bergengren and his assistant, Thomas W. Doig, to come to Waukegan and organize a Credit Union for employees and members of the Trading Company.

As a result of their visit, 61 employees of the Trading Company signed up as charter members. They included Kaarin Luhtala, holder of Account No. 1, Jack Liukku, Matt Lindroos, Edward Carlson (Account No. 2), Paul Albright, J. Nick Hautala, Leon Howard, Waino Mellin, Leo Saari (Account No. 3) and Axel Sandvick. Most of them became the Credit Union's first board of directors.

The man credited with starting the Credit Union movement in the United States was Edward A. Filene, a wealthy Boston retailer. He was convinced that Credit Unions could change the whole concept



of consumer credit, which then was available to the working man only at exorbitant rates through loan sharks. Through Credit Unions, he reasoned, people could create a self-help source of credit at rates they could afford. By saving together they could build up a pool of funds from which their members could borrow using their character as security. He financed the Credit Union National Extension Bureau in 1921 and hired Roy F. Bergengren, a young crusading attorney, to organize Credit Unions

throughout the United States and work for passage of state Credit Union laws. In 1934, the Federal Credit Union Act was passed.

Waukegan Cooperative Credit Union's organizational meeting took place on June 10, 1930, when Matt Lindroos, Leon Howard and Kaarin Luhtala were chosen to serve three-year terms as directors; Anton Stenroos, Edward Carlson and Paul Albright, two-year terms, and Jack Liukku, Nick Hautala and Axel Sandvick, one-year terms.

The new directors then elected the Credit Union's first officers: Jack Liukku, president; Matt Lindroos, vice president; Ed Carlson, treasurer-manager, and Kaarin Luhtala, secretary.

The board also elected a credit committee consisting of Leon Howard, Anton Stenroos and Axel Sandvick and a supervisory committee comprising of Nick Hautala, Matt Lindroos and Paul Albright.

At their first board meeting June 18, 1930, Credit Union directors voted to pay a four percent dividend on share/savings, to limit the number of shares in the Credit Union to 20 per member, and to charge an entrance fee of 25 cents. They also agreed to charge nine percent per annum interest on loans, to use the First National Bank of Waukegan as a depository, and to place the treasurer-manager under a \$1,000 surety bond.



First Board of Directors of the Co-op Credit Union elected in 1930. Seated, left to right: Waino Melin, Jacob (Jack) Liukku, Kaarin Luhtala, Leo Saari, former Treasurer, and Matt Lindroos. Standing: Paul Albright, Edward Carlson, Leon Howard and Axel Sandvick.

By the end of 1930, the Credit Union had 32 shareholders, assets of \$367 and three outstanding loans totaling \$225.

First Annual Meeting

The Credit Union's first annual meeting took place on January 25, 1931, at the Slovenic National Home Hall in Waukegan, with Jack Liukku as chairman. A search of the first volume of board meeting minutes reveals the early tentative steps of decision making. Naturally, most decisions were conservative ones. But it was readily evident that the directors were eager to make the Credit Union an instrument for the economic betterment of its members in a dark decade when many critics doubted that this nation would survive the Depression.

At the Credit Union board meeting of February 10, 1931, the Credit Committee reported that it had approved four loans totaling \$580 during January. The treasurer-manager read the names of 40 persons who had applied for membership and the board accepted all of them.

Charter Member of the Illinois League

At a special board meeting called for February 22, 1931, a motion was approved to ask the board of

the sponsoring Trading Company to donate the \$35 needed to join the Illinois Credit Union League (ICUL) as a charter member. Minutes of the March 10, 1931, board meeting show that the treasurer-manager read a letter from ICUL president Timothy J. O'Shaughnessy "thanking us for joining the League."

Members Rebate Five Cents On Dividend

Forty-one members representing \$2,438 out of a possible \$3,618 in share/savings attended the 1932 annual meeting. But the treasurer-manager confessed that he was a little short of funds to pay the dividend voted on by the board, so he asked each member to accept five cents less of the dividend declared. All members readily agreed to do so.

The 56 members who attended the Credit Union's 1935 annual meeting voted to pay 50 dollars to the treasurer-manager for managing the Credit Union during the previous year. This marked the first time the treasurer-manager had been compensated by the Credit Union for his work.

A recap of the Credit Union's first seven years showed growth from 90 members to 605 in that period. By the end of 1938, the Waukegan Cooperative Credit Union's assets totalled \$77,235 and share/savings totalled \$71,310.

The 1940s: The War Years and Their Aftermath

The Japanese bombed Pearl Harbor on December 7, 1941, and the United States joined the conflict against Germany, Japan and Italy.

Franklin Delano Roosevelt was reelected to unprecedented third and fourth terms. His successor, Harry Truman, ordered the atom-bombing of Hiroshima and Nagasaki. World peace came with Japan's surrender in August 1945.

At the March 19, 1940, board meeting, directors voted to hire Leo Saari as full-time Credit Union treasurer-manager at a salary of \$47 a week. At year end, membership stood at 959, assets at \$126,224, and share/savings at \$115,988. Net income for 1940 was \$6,466.

Joining the War Effort

At the 1942 annual meeting in the Finnish Temperance Hall, Chairman Jack Liukku announced that the Credit Union had become an authorized agent for selling U.S. Defense Bonds. He also told members about the effect of the new Federal Regulation W on Credit Union loans, which required that they be repaid within 18 months.

To help the national defense program and to activate idle funds resulting from accelerated savings and low loan demand, the Credit Union had, the previous October invested \$10,000 in Defense Bonds.

No Reason for Pessimism

"Our past has been successful and, even if the times are uncertain and we are involved in the



worldwide conflict, the war, there is no reason for pessimism concerning the future," the board stated in its annual report to the members. "We will endeavor to operate just as near to normal as it is possible." The members responded by voting to invest an additional \$10,000 in Defense Bonds.

World War II was affecting the Credit Union's income. At the 1943 annual meeting the chairman explained that income was lower because of the large amount of idle funds — money

not out on loan to members. The dividend, therefore, had to be lowered from four percent to three percent. The Credit Union board decided to invest another \$80,000 in Defense Bonds.

Membership was 1,280 at year end 1942, assets were \$204,389, share/savings \$191,126, and net income \$7,119. Sixty-four of the Credit Union's members were serving in the Armed Forces.

War Brings Credit Union to Standstill

"The war has brought the normal functioning of Credit Unions to a virtual standstill," declared Edward Carlson, reporting for the board of directors at the Credit Union's 1944 annual meeting. "The outstanding loan balance is only about 40 percent of what it was two years ago. The funds have been invested in government bonds at a much lower interest rate than the rate we loan to our members. This has, of course, substantially reduced your Credit Union's income. At this time we can pay only a 1.5 percent dividend."

Even though loan volume improved by six percent in 1944, directors had to reduce the Credit Union



Credit Union's First Office on McAlister Avenue, Waukegan

dividend further to a mere one percent, Chairman Jack Liukku told the members at their 1945 annual meeting. There were 62 fewer borrowers in 1944 than there were in 1943. Shares increased by 14 percent for the year, and the Credit Union sold \$46,013 worth of Series "E" U.S. War Savings Bonds. Excess share/savings were being invested in Series "F" bonds and an additional \$10,000 was invested in U.S. Treasury savings notes Series "C" during 1944.

Post-war Rebuilding

By the 1946 annual meeting, World War II was over but its effects were still being felt in the Credit Union. "The manufacture of commodities for which Credit Unions' funds were used in the past years has been virtually at a standstill," observed Chairman Jack Liukku, "and the fact that high wartime wages have raised the share/savings and reduced the loan demand" (and hence the income) caused the board to hold the dividend rate at one percent. Credit Union members numbered 1,404.

But the chairman ended his report on a positive note: "Despite the hard wartime conditions, the board of directors feels confident that with the return to normal peacetime conditions the Credit Union will continue to be of greater service than ever before."

Board Doubles Dividend Rate

There was a different story to tell at the Credit Union's 1947 annual meeting. Chairman Jack

Liukku reported a 55 percent rise in loan demand and a 100 percent increase in the dividend rate — from one percent to two percent. But he explained that "there still are large amounts of Credit Union funds invested in war bonds which draw a low rate of interest and restrict the dividends on share/savings."

"During the past year," he continued, "the increase in business and the variety of services offered to the membership have forced the board to find new and larger quarters (at 709 McAlister Avenue, Waukegan)." At year end 1946, 1,486 members belonged to the Credit Union.

Members voted to add the Lithuanian Cooperative Trading Corporation of Waukegan and the North Chicago Consumers Cooperative to the Credit Union's field of membership.

Another 10 percent growth in membership was reported at the Credit Union's 1948 annual meeting. "But we still have room for a much greater membership," the chairman said. He announced a three percent dividend for 1947.

With the war over, the loan demand in 1947 increased 64 percent over 1946, membership was up to 1,637 at year end 1947, and loans outstanding were 30 percent greater than ever before in the Credit Union's history.

After 18 Years, Key Man Resigns from Board



Jacob (Jack) Liukku

At the 1949 annual meeting, Jack Liukku reported a 46.9 percent increase in loans made during 1948. "It is a great pleasure to note that people with small means can borrow from the Credit Union without having to pay such fabulous rates of interest as the finance companies charge," the chairman said. "The only way people can borrow money so easily is to pool their money cooperatively into the Credit

Union." He urged the members to spread the Credit Union idea to others. Then he announced that he was resigning from the Credit Union board after 18 years of service because of "increased duties" at the Trading Company. He also reported that Credit Union assets stood at \$340,090, and membership at 1,864 at year end 1948.

The 1950s: At Ease with Eisenhower

The 1950s began with another war — this one a civil war between North and South Korea. In 1951 President Truman fired the commander-in-chief of the U.S. armed forces in Korea for insubordination. General Douglas MacArthur thereupon returned to the States to a ticker tape parade and told Congress that “old soldiers never die; they just fade away,” and that he planned to do just that. The decade ended with the admission of Alaska and Hawaii as the 49th and 50th states.



Members' 'Faith and Courage' Fuel Credit Union

Chairman Russ Alford told the members at their 1951 annual meeting that the Credit Union, born in a time of adversity, had survived “because of your faith and courage.” He reported assets of more than two third of a million dollars and a membership of 2,536. The Credit Union, he said, “had the faithful service of one full-time employee and four part-

time employees.” He encouraged the members to “instruct the board of directors to widen the field of services now offered.”

Loan demand had been so heavy during 1950 that the board decided to increase the share/savings limit to \$2,000 to enlarge the borrowing pool. The result was that “our outstanding loan balance is 35.9 percent greater than at the end of 1949 and our share/savings increase 45.8 percent,” treasurer-manager Leo Saari reported.

The total of loans charged to the Reserve Fund for written-off loans during the 20 years of the Credit Union's existence amounted to \$10,492, of which \$2,217 had been collected, for a net loss of only three tenths of one percent of loans granted over the two decades — a remarkable record.

At the 1952 annual meeting, Ellen Sandvick, the daughter of charter member Axel Sandvick, was elected a director for the first time. She became secretary, then president, of the Credit Union the next year.

'A Stronger Position in the Community'

Russ Alford told members at their 1950 annual meeting that “the Credit Union has attained a stronger position in the community by giving a greater degree of service in accepting more of the members' savings and finding it possible to loan its capital to the members needing loans for provident and productive purposes . . . At this time loans about equal share/savings.” The Credit Union had 2,202 members at the end of 1949.

The board had increased the share/savings limit from \$1,000 to \$1,500 during 1949 to meet the loan demand; savings increased 39.1 percent as a result. Loan demand was up more than 61.9 percent over 1948, and the directors declared a 4.5 percent dividend on share/savings.

Membership at the end of 1953 was 3,808, an increase of 14 percent over 1952. Assets were up 18.8 percent. More than \$1 million in total loans was approved, an increase of 35.6 percent over 1952.

Credit Union Moves Into Co-op Trading Building

On June 1, 1954, the Credit Union moved its office into the newly remodeled Co-op Trading building and its improved facilities at 709 McAlister, Waukegan. The new NCR bookkeeping machine and a new office safe were installed. The office staff included Leo Saari, the treasurer-manager, a collector, and two full-time and two part-time tellers.

On December 31, 1954, the Credit Union had nearly \$1.4 million in assets, 4,177 members with share/savings totalling \$1.3 million, and 1,666 borrowers with loans of just over \$1 million.

After a presentation by Illinois Credit Union League fieldman Bill Brietzke at their 1955 annual meeting, Credit Union members voted 98 to 21 to secure both Life Savings and Loan Protection Insurance from CUNA Mutual Insurance Society, effective March 1, 1955. The first Loan Protection claim — a check for \$1,051.05 — was paid to a mother of six whose husband was killed in an auto accident August 5, 1955. The original amount of the loan, made April 30, 1955, was \$1,200.

Credit Union Marks 25 Years of Progress

Chairman Ellen Sandvick pointed out to members at their 1956 annual meeting that the Credit Union had grown from 90 members with \$3,000 in assets in 1931 to 4,500 members with assets of more than \$1.5 million. In March 1956 she was elected chairman of the Lake County Chapter of Credit Unions, now the Thomas W. Doig Chapter.

Tony Pierce Becomes Credit Manager

During 1956 the board created the position of credit manager and on November 19 hired Tony

Pierce to fill it. He had, for the previous nine years, been assistant manager of the Trading Company and editor of *Co-op News*.

By the end of 1956, the Credit Union had \$1.7 million in assets and 4,715 members. The loan-to-share/savings ratio was a healthy 81 percent, indicating that the Credit Union was doing what it was chartered to do — create a pool of savings so that members who needed money could borrow from that pool.

During 1957, the individual-member share/savings limit was increased to \$3,000. The Illinois Credit Union Share Guaranty Corporation now protected members' share/savings up to \$10,000 each, and the Credit Union's surety bond was raised to \$1 million. The dividend rate on share/savings increased from 3 percent to 3.5 percent as of December 31, 1957.

Russ Alford Steps Down

Russ Alford announced his retirement from the board. He had retired October 1, 1952, from the Trading Company, where he had been employed since 1922 in various positions. Tony Pierce succeeded Leo Saari as Credit Union treasurer-manager. Bill Brietzke, by this time managing director of the Illinois Credit Union League, spoke briefly and presented Leo Saari with a gift from the Credit Union members. He noted that the retiring treasurer-manager, holder of Account No. 3, had served as a Credit Union director and manager for 27 years.

Credit Union membership grew from 5,134 at the end of 1957 to 5,440 as of December 31, 1958. Assets increased from \$1.8 million to \$2.1 million. Net earnings for the year reached \$100,000 for the first time. Share balances were up 13.8 percent to \$1.9 million; outstanding loan volume rose by 9.4 percent to \$1.8 million.

Treasurer-manager Tony Pierce reorganized his staff. Tony Kerzic moved up to office manager and Gordon Neal became collector. The rest of the seven-member staff were Dora Chess, Ina Patari, Laima Larson and Margaret Kupias. The Credit Union bought a replacement NCR bookkeeping machine for \$6,500. For the first time, the board decided to pay a semi-annual dividend (3.5 percent per annum) and to employ an outside auditor to perform monthly examinations.



Remodeled Co-op Store on McAlister Street in Waukegan. Credit Union office located right side of the store.

"Despite the fact that the nation experienced the worst recession since the end of World War II, our Credit Union made substantial strides forward in 1958," Tony Pierce reported.

Credit Union Buys Land For Office

Waukegan Cooperative Credit Union membership grew from 5,440 to 5,627 during 1959 while assets increased from \$2.1 million to \$2.3 million. Encouraged by such steady growth, the Credit Union paid \$32,500 for a plot of land, 100 feet by 276 feet, on the north side of Washington Street, just east of McAree Road, with a view to building its own office.

Another Pioneer Passes

Axel H. Sandvick, 73, died in late September 1959. Born in Finland, he came to the United States

in 1910. He retired in 1951 after working 31 years as a Co-op Trading milkman. His daughter Ellen had helped him with his route book and his monthly bills since she was 12 years old. Next to Jack Liukku, who served 40 years as Co-op Trading general manager, Axel Sandvick was the second-oldest employee in years of service. He held Account No. 7 in the Credit Union and served on its board from 1930 through 1941.

Shares increased 10 percent to \$2.1 million during 1959 but loan volume dipped two percent to \$1.8 million. The Credit Union loaned Hyde Park Co-op Federal Credit Union in Chicago \$30,000 to "assist its members in their expansion program." But the bulk of Credit Union investments, \$310,000, was in 31 savings and loan associations.

The 1960s: Vietnam and Violence

John F. Kennedy defeated Richard M. Nixon for the presidency, then founded the Peace Corps. The Berlin Wall went up and the Cold War got hotter. John H. Glenn, later a U.S. senator from Ohio, became the first American to orbit the earth. Man walked on the moon.

President Kennedy was assassinated November 22, 1963, in Dallas. Vice President Lyndon B. Johnson was sworn in as President. LBJ, acknowledging his inability to end the Vietnam conflict, announced he would not run for reelection. Nixon narrowly defeated Vice President Hubert Humphrey to recapture the White House for the Republicans. Assassins took the lives of Martin Luther King Jr. in Memphis and Sen. Robert F. Kennedy in Los Angeles.

"There is another reason for having adequate reserves against losses from loans that turn bad," treasurer-manager Tony Pierce explained to members at their 1960 annual meeting. "They permit the credit committee to pursue a liberal policy in evaluating loan applications. If a credit committee feels that it has to keep one eye on the reserve fund because it is inadequate, it becomes too conservative. It tends to become reluctant to help the marginal borrower, the borrower whose ability to repay appears, on the surface, doubtful, and whose last hope for help is his Credit Union. If this should happen, a Credit Union cannot do the kind of job it should be doing, for then it would be denying Credit Union benefits to those individuals who can least afford to be without the services of a Credit Union."

All in the Family.

Ellen Sandvick reminisced on three decades of service at the Credit Union's 1961 annual meeting, stating that "family relationships do seem to have played a part in the makeup of our boards. Three



charter board members, Nick Hautala, Paul Albright and Axel Sandvick, subsequently had members of their families who accepted board positions. Hugo Hautala followed his father to the board in 1947; Ellen Sandvick followed her father, who served on the credit committee for 11 years, and Georgia Albright, wife of Paul, was elected in 1942." But of the 53 Credit Union directors in the first 30 years, she noted, only eight had been women.

During 1961, assets increased 7.2 percent to \$2.7 million. Shares grew 8.1 percent to \$2.4 million. Loans rose \$45,000 to \$1.9 million, an all-time high. In the Credit Union's \$604,000 investment portfolio sat \$500,000 in savings and loan association deposits. Treasurer-manager Tony Pierce told the members that he would rather see all that investment in S&Ls out in loans to them. He called for more promotion of Credit Union services.

Resolving the Space Problem

At the 1962 annual meeting Chairman Ellen Sandvick announced that the Credit Union, to ease overcrowding, had launched a full-scale building program with its sponsor, signing contracts with the architectural firm of Ekstrand, Schad & West and with the contracting firm of W.R. Shields for an office building at Washington Street and McAree Road. "This is the most outstanding and significant action our Credit Union has taken during the 31 years of its existence," she declared.

In 1962 the Credit Union mailed 50,000 copies of the pamphlet "Save and Borrow Among Friends" to Co-op Trading members. A second mailing to Lake County residents was timed to coincide with the grand opening of the new building. The impact of these mailings came in October 1962, when 90 members (then the highest ever for one month) joined.

Grand opening of the new Credit Union office at 2420 West Washington took place September 18, 1962. The building, 40 by 65 feet, provided 2,600 square feet of office space on the first floor, compared to 780 square feet in the previous location.

Co-op Credit Union members, with one third down on automobile loans, were paying only three quarters of one percent a month on the first \$1,000 and one half of one percent on the amount over \$1,000. Between the first of October and December 31, 1962, 207 persons joined the Credit Union, mainly because it was now located on one of Waukegan's busiest thoroughfares.

Share/savings increased five percent for the year, topping \$2.5 million for the first time. Loans increased 13 percent to \$2.2 million. Assets nudged \$2.9 million at year end 1962.

During 1962 the Credit Union withdrew \$100,000 from S&L investments to meet the increased loan demand of its members in the fourth quarter and to make the final payment on the new building. Combined cost of land, building, parking lot and architects' fee for the Credit Union office was \$106,655. An additional \$15,000 went into furniture and equipment.

Ellen Sandvick proclaimed that "the most significant event of 1962 was the long-awaited completion and occupancy of our new office building in September." She credited "having adequate facilities" for the increased loan volume during the last quarter of 1962.

Members Change Credit Union's Name

Members voted to change the Credit Union name to Cooperative Credit Union at the 1963 annual meeting. Long-term goals set in 1963 called for adding a full-time collector to staff, hiring a financial counselor and paying a loan interest rebate.

At the 1964 annual meeting Chairman Ellen Sandvick noted with satisfaction that "we now are a \$3 million enterprise." She added that "our Credit Union fully supports Sen. Paul Douglas in his quest to have the *true* interest rate quoted to a loan applicant or to an individual making a purchase on credit."

The annual report traced the growth of the Credit Union from 90 members and 24 borrowers and \$3,142 in assets in 1931 to 6,381 members, 2,214 borrowers and more than \$3 million in assets at the end of 1963.

"The loan demand during most of last year was heavy, with the result that about half of our

investments in savings and loan associations had to be withdrawn," treasurer-manager Tony Pierce reported. "Eighty percent of our assets are out in loans to members. This is very good, especially when you consider that recent figures prepared by the 7th Federal Reserve District show this rate averaged 63 percent for Credit Unions in this area."

By the end of 1964, assets were then well over \$3.5 million, a 17 percent improvement over year end 1963. William (Bill) Reidel came to work for the Credit Union as loan interviewer and collector and Tony Kerzic was promoted to assistant Credit Union manager.

During 1964, the Trading Company and the Credit Union agreed to jointly employ a full-time education director, with one fourth of the director's time devoted to the Credit Union. Hired in August 1965 for this position was Miles Williams, a former Peace Corps volunteer. This innovation attracted the attention of CUNA's *Credit Union Magazine*, which published an article on it in December 1965. Unfortunately, Williams had to resign that month to enter military service.

Credit Union assets increased 13.8 percent during 1965, topping \$4 million. Shares increased 14 percent to \$3.7 million, while loans outstanding were almost \$4 million, a nine percent gain. Members numbered 7,209 at year end, a net increase of 503.

After 13 years as president, Ellen Sandvick did not seek reelection in 1966, becoming instead president of the Trading Company board of directors, but she stayed active in the Credit Union as supervisory committee chairman. Helen Dragunas became the new president of the Credit Union.

Russ Alford Remembered

Russ Alford, long-time Credit Union board member and a former president, died February 22, 1965. He had also served on the board of the Trading Company (for 20 years) and on the Cooperative League and was a past president of the Waukegan Veterans Credit Union and of the Thomas W. Doig (Lake County) Chapter of Credit Unions. He was Lake County clerk from 1934 to 1938 (the first Democrat to be elected to a Lake County office) and Waukegan Township assessor for four years.

Growth Exceeds Anticipation

Tony Kerzic wrote a brief report of his training at the CUNA School of Credit Union Personnel at the University of Wisconsin in the September 1965 *Co-op News*. "I found that our organization matched other successful Credit Unions in size, membership, management and member services. We



Future Home of Co-op Credit Union Office, located on right side, 2420 Washington Street, Waukegan, Illinois

excelled in low-cost operating expenses, taking into account our 95 percent counter-type operation, reserve fund and ratio of loans to assets. We also rank very high in services to members, which include check cashing, new- and used-car appraisal books, adequate parking, good dividends, insurance services, loan and share/savings insurance, night depository . . .”.

Chairman Helen Dragunas opened the 1967 annual meeting by proclaiming that “during the past year our rate of growth exceeded our anticipated growth projection.” Assets had increased \$395,281 or 9.9 percent, to \$4.5 million and membership totalled 7,665, a growth of 456, or nearly six percent. Shares went up 9.7 percent to just over \$4 million, and loans outstanding totalled \$3.3 million.

‘One of the State’s Finest’

The Illinois Credit Union League conducted a study of the Credit Union’s financial statements and general procedures and reached the conclusion that “this Credit Union is one of the finest in the state.”

While 74 percent of assets (or 81 percent of share/savings) was out in loans to members, the Credit Union had \$670,000 in savings and loan associations, a condition that treasurer-manager Tony Pierce characterized as “not as good as it should be.” He indicated that he would prefer to see a loan-to-share/savings ratio of 85 to 90 — even 95 percent. The Credit Union had 7,665 members, but only 2,513 borrowers, he pointed out, and the only conclusion he could reach was that “too many

members were going elsewhere for their credit requirements.” He predicted that the board would do more in 1967 to persuade members that their Credit Union was the best place to do all of their borrowing and financing.

Credit Union Introduces Student Loans

The Board called a special meeting on August 31, 1966, to amend the Credit Union bylaws in order to participate in the Illinois Guaranteed Student Loan program. Some 92 members attended the meeting and ratified the amendment. The student-loan program went into effect immediately and by year end 1966, 37 loans totalling \$43,176 had been granted.

The student-loan program proved so popular that it had to be suspended temporarily in the fall of 1967 because loans amounting to 10 percent of the Credit Union’s unimpaired capital and surplus (the maximum allowed by law) had been disbursed.

“Satisfactory” was once again the word used to describe the Credit Union’s rate of growth in 1967. Assets were now more than \$4.5 million, an increase of 4.6 percent over 1966. Net membership totalled 8,055, a gain of 390 over the previous year.

The student-loan program was such a success that it had a waiting list. By the end of fiscal year 1967, 105 students had borrowed \$147,500. Now the board was ready to launch another new service — the Federal Housing Act — guaranteed home-improvement loan.

The Credit Union's rate of growth slowed down considerably during 1967. Assets increased only \$204,700, or 4.6 percent, to \$4.7 million, while share/savings advanced \$169,000 or 4.2 percent, to \$4.3 million. Loans rose 8.6 percent to \$3.5 million.

"Our No. 1 problem continues to be getting money loaned out to members," treasurer-manager Tony Pierce asserted. The loan-to-share/savings ratio reached 78.7 percent in 1967, a slight uptick from the previous year's 75.3 percent.

Looking Back on 12 Years

Tony Pierce observed that he was now in his 12th year as employee and director of the Cooperative Credit Union, having come to work in November 1956. In that time, assets increased from \$1.7 million to \$4.7 million; share/savings from \$1.6 million to \$4.3 million; loans from \$1.3 million to \$3.7 million, and members from 4,785 to 8,055.

Citing personal reasons, Ellen Sandvick resigned as president of the Trading Company at its September 21, 1967, annual meeting. Retrenchment was the topic of the meeting as its members learned that the Trading Company had been in serious financial straits for the past year. Proposals for closing the Zion, Belvidere and McAlister stores and concentrating all efforts on the Washington Street store were presented but no action was taken at the meeting.

Founding Member of Consumer Federation

The Co-op Credit Union became a founding member of the Illinois Federation of Consumers, created during the first statewide consumers' conference at Loyola University on February 22, 1967. Howard Spaulding, the Trading Company general manager, was elected one of ten members of the board of directors of the consumer federation. Later the board of directors of Co-op Credit Union protested the decision of the Illinois Credit Union League board not to join the federation. In a letter to the League directors, Tony Pierce wrote:

"To us, the decision seems inconsistent with everything Credit Unions stand for. Credit Unionists pride themselves on the good work Credit Unions have done over the years in improving the lot of the common man by making low-cost loans easily available to him. What's wrong, then, in giving our support to efforts in other fields to make Credit Union members' consumer dollar go farther? What's wrong, for example, in wanting truth-in-packaging,

safer automobiles, lower drug prices, stronger meat-inspection laws?"

"The Illinois Federation of Consumers is worthy of the support of the Illinois Credit Union movement. We hope the ICUL board will reconsider."

Federation President Jerry Voorhis, speaking at the Credit Union's 1968 annual meeting stressed the need for a renewed emphasis on the brotherhood of man as the basic principle of all cooperative effort and the only remaining hope for a lasting peace in a troubled world. He lauded the Credit Union as an example of what "common people can do for themselves at a time when monopoly threatens to engulf and smother individual effort."

Ellen Sandvick, having traded places with Helen Dragunas, was back as Credit Union president to welcome members to the 1969 annual meeting. Treasurer-manager Tony Pierce called 1968 a year of "mixed results for our Credit Union." Loans outstanding grew 10.7 percent to \$3.9 million during the year; share/savings, on the other hand, increased only 1.5 percent to \$4.3 million, and assets 2.3 percent to \$4.8 million. The Credit Union had 8,313 members at year end.

The loan-to-share/savings ratio increased to 86 percent, but it did not come from heavy loan demand, but rather as a result of the tepid share participation in 1968. Loans outstanding grew at a rate seven times that of share/savings. Blamed for this imbalance were the lack of share/savings insurance and the higher interest paid on CDs by competing financial institutions.

Members Like Their Credit Union

In the July-August 1968 *Co-op News* the Credit Union published the results of its opinion survey, in which 61 percent of the 932 respondents said they joined the Credit Union because it was a convenient place to borrow, while 34 percent admitted that they borrowed from places other than the Credit Union. Some 59 percent agreed that the Credit Union charged less interest than other lenders. But only 16 percent knew the rate of dividend paid for the period ending November 30, 1967.

All in all, the survey revealed that the vast majority of its members were satisfied with the Credit Union's management and services. Some asked the Credit Union to make home loans, to increase life savings insurance to \$2,000, to provide federal share insurance, and to promote the Credit Union more vigorously.

During the 1969 annual meeting Helen Dragunas, supervisory committee chairman and former Credit Union president, was lauded for her many years of

service. She did not seek reelection to the board. Tony Pierce reported that the Credit Union was "in excellent financial health" and disclosed that assets were approaching the \$5 million level.

Last-ditch Effort to Save Sponsor

On October 6, 1969, Tony Kerzic, the Credit Union office manager, was temporarily assigned as general manager of the Trading Company. Though further cost-cutting measures were taken by its sponsor, Tony Pierce assured members that the Credit Union was in sound financial shape. Some members feared that their savings would be frozen just as

redemption of Trading Company shares had been, but he emphasized that the Credit Union and the Trading Company were two separate and distinct entities.

As if to emphasize the Credit Union's soundness, the board declared a 5¼ percent dividend on all shares for the six months ending November 30, 1969. Maximum savings in a member's share/savings account was raised from \$6,000 to \$10,000, effective December 1, 1969.

At the Credit Union's 1970 annual meeting, two of its five living incorporators — Jack Liukku and Leon Howard — were present to be honored by the members. The other three — Kaarin Luhtala, Leo Saari and Edward Carlson — were unable to attend.

The 1970s: Bring Major Change

The decade of the 1970s began with a major transformation. On May 11, 1970, the Credit Union changed its name to Consumers Cooperative Credit Union of Lake County because it now had a new sponsor — the Consumers Cooperative Buying Association. The change took place because Co-op Trading on April 1 suspended its sale of stock and by that action the source of new members for the Credit Union was closed. Vincent Molloy, supervisor, and Vernon Calhoun, assistant supervisor, of the Credit Union division of the Illinois Department of Financial Institutions personally consummated the conversion.

Five men — all of them employed by CREEP (Committee to Reelect the President) — were arrested for breaking into the Watergate offices of the Democratic National Committee in Washington, D.C. Investigation of the break-in would lead to President Nixon's resignation. The last U.S. troops left Vietnam, ending 10 years of military presence. Gerald Ford became president, but he was defeated when he ran for election in November 1976 by Jimmy Carter, the former governor of Georgia. The United States celebrated its bicentennial in 1976.

One of the First to Qualify for Federal Insurance.

On October 19, 1970, President Nixon signed Senate Bill S.3822 into law, thus creating a National Credit Union Share Insurance Fund which would cover member savings up to \$20,000 per account. The federal share insurance was mandatory for federal Credit Unions, optional for state-chartered Credit Unions. Consumers Cooperative Credit



Union of Lake County was one of the first to apply for coverage. The insurance became effective on February 11, 1971, exactly two months after application. The Credit Union would pay an annual premium of about \$3,500 for the insurance — one twelfth of one percent of its capital. "If anyone has any doubts about the financial stability of our Credit Union, those doubts should be removed now," commented Ellen Sandvick.

She explained to members at their 1971 annual meeting that the Credit Union had a new sponsor, the Consumers Cooperative Buying Association of Lake County. The reason for the new sponsor, she said, was to accommodate the Credit Union's need for one in anticipation of the demise of its original sponsor, Co-op Trading.



The Credit Union paid a six percent per annum dividend rate on May 31 and November 30, 1970, the highest rate in the immediate area. Assets increased 7.3 percent during 1970 to \$5.1 million. Share/savings rose 7.5 percent to \$4.6 million, with most of the growth coming during the second half of 1970, after the first payment of the six percent dividend. Treasurer-manager Tony Pierce blamed the recession for the three percent drop in loan volume to \$4.2 million.

"The loss of the (Trading Company) has been a hurtful and sad event to those of us who have devoted our lifetimes to trying to make a success of the cooperative movement in this area," Tony Pierce lamented. But for the Credit Union, which was to

become one of the strongest Credit Unions in the state of Illinois, it was the beginning of a new era.

Pierce Retires; Kerzic Takes Over

On July 1, 1971, Tony Pierce, treasurer-manager since 1958, took early retirement. He had served on the board as a volunteer for four years before being hired as credit manager in 1956. During his administration assets grew from \$1.7 million to \$5.4 million; membership, from 4,715 to 8,073.

His successor was another Tony — Tony Kerzic — assistant manager, who had worked for the Credit Union since 1951 as collector, accountant and office manager. He became assistant manager in 1966. He had entered the cooperative movement in 1939 as an employee of the North Chicago Consumers Cooperative and worked for the Hyde Park Cooperative in Chicago from 1941 through 1943. When the North Chicago Co-op merged with the Trading Company in 1947, he became director of the membership activities department.

A Master Plan for Growth

In a November 29, 1971, memo to the board of directors, Ellen Sandvick proposed a plan of action to attract potential members:

- Develop a payroll-deduction plan with employees of small industries.
- Attract residents of West Lake County, the county's fastest-growing area.
- Search for potential mergers with smaller Credit Unions in Lake County.

Her memo also called for activating the property Committee to initiate new building plans, continuing aggressive marketing programs, and hiring a part-time marketing manager who would double as editor of *The Reporter*. The board endorsed her long-range plan at its December 1971 meeting and hired Tony Pierce for the marketing/editorial position.

In his first report as treasurer-manager, Tony Kerzic described 1971 as a "wonderful year" for the Credit Union. Assets rose 20 percent over 1970 to a new high of \$6.1 million. Loans grew 13.9 percent to \$4.6 million because the Credit Union made 2,558 loans during 1971. Shares increased 21 percent to nearly \$5.6 million. Membership was up by 571 to 8,551. Net income of \$342,337 was 32.4 percent better than in 1970. The expense-to-income ratio dropped from 43.9 percent in 1970 to 37.8 percent in 1971.

'New' Sponsor Holds First Annual Meeting

The Credit Union's sponsor, the Consumers Cooperative Buying Association, held its first annual meeting on March 18, 1971, and changed its name to Consumers Cooperative Association of Lake County. It also increased its membership fee from 25 cents to one dollar.

The Reporter, official publication of Consumers Cooperative Credit Union, in its April 1971 issue, carried a photograph of Leo Saari, the Credit Union's first full-time treasurer-manager, at his retirement home in Lantana, Florida. He died of a heart attack there December 5, 1974, at the age of 84.



Leo Saari

Bill Reidel Named Credit Manager

In May 1971, the board appointed Bill Reidel, a loan interviewer and counselor since July 1964, to the newly created position of credit manager and assistant Credit Union manager. The following July, he graduated from the CUNA School for Credit Union Personnel at the University of Wisconsin/Madison.

In June 1971, the Credit Union board increased the secured loan limit to \$8,500 and named Tony Kerzic a director. Tony was also appointed chief security officer, charged with the development and administration of a security program as required of all federally insured Credit Unions by the National Credit Union Administration.

Growth Exceeds \$6 Million Mark

In November, 1971, the Credit Union topped \$6 million in assets for the first time. Assets had grown by 19 percent since the previous January. Three factors accounted for this growth, according to Tony Kerzic: (1) the Credit Union was paying the highest dividend rate (5.75 percent) in the area; (2) federal share insurance, and (3) the disassociation of the Credit Union early in 1970 from Co-op Trading and its financial difficulties.

In 1972, Ellen Sandvick was elected a board member of the Consumer Federation of Illinois and Bill Reidel was elected president of the Thomas W. Doig (formerly Lake County) Chapter of Credit Unions. The Illinois Credit Union League has 29 such chapters, or geographic subdivisions, and this

one was named after the late CUNA managing director who, along with his predecessor, Roy F. Bergengren, was instrumental in the founding of Consumers Cooperative Credit Union in 1930.

Members Ratify New Building Plans

At a special meeting on November 29, 1972, Credit Union members approved \$195,500 for the purchase of 66,800 square feet of land on Washington Street between Metropolitan and Pioneer Streets for the construction of an office building to house a Credit Union that was growing at the rate of \$1.5 million a year. The purchase was recommended by the Credit Union Building Committee chaired by Floyd (Bud) Allen and approved by the Illinois Department of Financial Institutions.

Assets increased by 20 percent during 1972 to a high of \$7.4 million; loans outstanding were \$5.4 million at year end, and share/savings totalled \$6.7 million. A net increase of 1,237 during 1972 brought a new high of 9,788 members. Gross earnings amounted to \$401,481 for 1972 — \$59,143 more than in 1971 — of which \$327,992 went back to Credit Union members in the form of dividends.

More than 300 members attended the Credit Union's 1973 annual meeting, where Erma Angevine, executive director of the Consumer Federation of America, declared that it was "right and urgent for Credit Unions to work in the consumer area.

There is no conflict with the purposes of the Credit Union movement," she said, because Credit Unions protect members as consumers of credit and organizations like hers protect consumers of other products and services. The Credit Union and consumer movements serve a common purpose: To improve the quality of life for people.

"Credit Unions must help people to use credit wisely and properly," she added. "We must get more people to join. We must open up Credit Unions to more people. They (Credit Unions) have the most reasonable and honest interest rates in the country."

New Building Committee Named

At the 1973 annual membership meeting, Ellen Sandvick announced that Tony Kerzic had been appointed chairman of the Credit Union Building Committee and asked that Credit Union members with specialized skills volunteer to serve on the committee. Tony Kerzic explained that the 66,800 square-foot Washington Street property had been purchased for \$195,500 and that the Illinois Department of Financial Institutions had approved the

use of five percent of shares outstanding to erect a new building. The old building and the land on it would be sold, he added.

The Building Committee hired architects Bleck & Bleck of Waukegan to design a 10,000-square-foot Credit Union building with two drive-up windows and underground utilities at an estimated cost of \$300,000.



Members Praise Credit Union

In responding to a membership survey on office hours, many members commented on the Credit Union's "personal service, courteous and friendly manner, service excellent in all ways, fair and prompt treatment, tremendous help to me through the years, good payment arrangements, wonderful organization, dependability and efficiency in handling our finances, unfailing courtesy, friendly atmosphere, no guilty feeling to have to borrow money!"

By the end of 1973, the large red building facing Washington Street and two houses on Pioneer Street had been demolished to make way for the new Credit Union office.

At the 1974 annual meeting the board reported that during 1973, loans outstanding increased 11 percent to \$6.1 million and shares rose 1.47 percent to peak at \$7.7 million. Membership grew from 9,788 to 10,407, and gross income increased to \$495,899, a new high. Walter Polner, Ph.D., a Madison, Wisconsin, economist and Credit Union consultant, spoke at the meeting on "Making Your Credit Union Grow."

In May 1974 the board signed a general contract for the construction of the new office building with Ames Construction Inc. of Wadsworth.

Board Separates Treasurer from Manager

In October 1974 the board voted to separate the office of treasurer-manager into two positions, treasurer and manager. The former would be a director with nominal duties. The manager would no longer be on the board, but would continue to be the chief executive officer of the Credit Union, attending all board and committee meetings, under a three-year employment contract. At the 1975 organization meeting, George Harro, a science teacher in the Waukegan School District, was elected treasurer, and Tony Kerzic became general manager.

Credit Union Continues to Surge

In December 1974 the Credit Union board raised the maximum share/savings limit from \$10,000 to \$20,000. Assets increased 12.5 percent during 1974 to a new high of \$9.5 million; loan volume rose 15.4 percent to nearly \$6.7 million for regular loans and \$179,607 for student loans. The loan-to-share ratio was 74.2 percent.

Tony Kerzic reported a 12.7 percent increase in shares to \$8.7 million and a 15.4 percent increase in loans outstanding to \$6.9 million. Membership rose by 911 to a new high of 11,318. Total loans granted since the beginning of the Credit Union amounted to \$70.7 million, of which only \$184,778, or slightly more than one-quarter of one percent, had never been repaid. Dividends totalling \$471,596 were distributed to members in 1974.

'True Bastion of Democracy'

Guest speaker at the Credit Union's 1975 annual meeting was the new managing director of the Illinois Credit Union League, Richard L. Enswiler. He said that "the Credit Union is one of the last true bastions of democracy. It is the only financial institution which invites your participation in management. Any member may sit on the board or become president. How likely is it that you'll ever be president of one of the banks in town? Cherish the prerogative that you have a Credit Union that you own and operate. Encourage others to join . . . After all, the profits come back to you, the members."

Helen Dragunas Takes Up Gavel Again

Helen Dragunas, a 21-year member of the board, was elected president, succeeding Ellen Sandvick. Floyd Allen presented an engraved plaque to Ellen for her 23 years of service to the board and Credit

Union. In her final report the outgoing chairman stressed that "it is the responsibility of any board to be receptive to new ideas; to have the courage to take whatever dynamic, positive action is required for the best interests of the Credit Union and to implement basic Credit Union philosophy. If we are to continue for another 45 years as a service organization, we had better take a good look at our possibilities before it is too late.

The Co-op Credit Union is the remaining segment of the dream and ideals of a small group of Finnish immigrant women who in 1911 organized our original sponsor (Co-op Trading)," Ellen Sandvick concluded. "It is my sincere hope that the Co-op Credit Union, now with a polyglot membership of 11,000, can continue to offer all residents of Lake County for at least another 45 years, services based on those original ideals."



Mrs. Helen Dragunas, president of the Consumer's Cooperative Credit Union of Lake County, addresses well wishers at the grand opening of the Credit Union's new headquarters.

Sixteen Hundred at Grand Opening

On Sunday, July 20, 1975, nearly 1,600 members and guests attended the Grand Opening of the new Credit Union building at 2750 Washington Street in Waukegan. For the first time, the Credit Union featured drive-up windows and a walk-up window in the building's lobby. "We have taken our place as a financial force to be reckoned with in the area," proclaimed *The Reporter*. Helen Dragunas opened the ceremonies and Jack Liukku, holder of Account No. 18, cut the ribbon. Dignitaries in attendance included Illinois Credit Union League Chairman Henry R. Koopman, Stanley F. Wielgosz, assistant supervisor, Credit Union division, Illinois Depart-

ment of Financial Institutions, and Larry Opprecht, ICUL director of communications.

At the 1976 annual meeting, members approved the cost of the new building \$490,660. Other costs, land preparation, landscaping, steel, new furnishings and equipment brought the total to approximately \$700,000.

Chairman Ernest Wooldridge, who had succeeded Helen Dragunas and served in that office for only one year, reported at the 1977 annual meeting that during 1976 assets had increased by \$343,682 to reach \$12.5 million, membership had grown by 910 to 13,347, loans had increased \$1.6 million to a new high of \$9.9 million, and share/savings had risen by \$313,190 to \$11.6 million. He also reported that the loan-to-share ratio improved from 74.8 percent on January 1, 1976, to 86 percent at year end. Tony Kerzic, he announced, received the 1976 Manager of the Year Award from the Illinois Council of the Credit Union Executives Society.

"Sound and stable are two words that adequately describe the financial condition, the operational practices, the services offered, the membership growth and the facility maintenance of our Credit Union," Chairman George Harro told the members at the 1978 annual meeting.

During 1977, the Credit Committee acted on 6,202 loan applications and approved 5,143 of them for a total of \$11.1 million, its chairman, Raymond DeWeerth, reported. Outstanding loans increased by \$1.5 million (15 percent) over 1976, but share/savings grew by only \$272,195 (2.3 percent) during 1977. For the first time in a decade, the

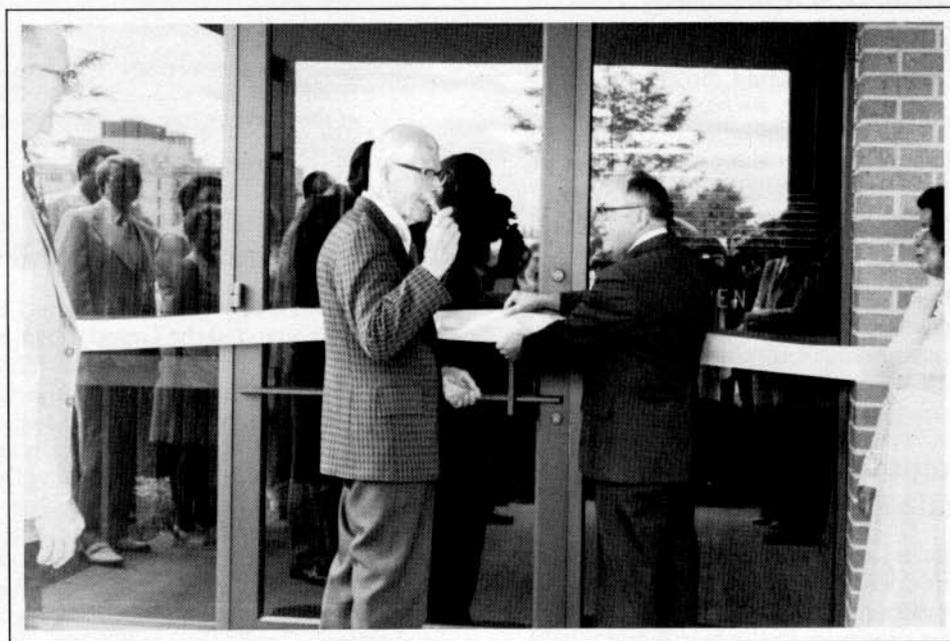
treasurer and manager reported, the Credit Union would have to solicit savings if the Credit Union was to have money to lend. The loan-to-share ratio was 96.7 percent on December 31, 1977, more than 10 percent higher than the year before.

At year end 1977 assets were \$12.8 million, loans \$11.4 million, share/savings \$11.8 million. The Credit Union had 14,662 members. For the first time ever, the Credit Union's loan balance exceeded its share/savings balance. The differential amounted to only \$81 a member, but, with 15,000 members, that came to more than \$1.2 million. Tony Kerzic appealed to members to increase their share/savings accounts by at least \$81 to return the Credit Union's loans and shares to equilibrium.

From May 8 through May 11, 1978, the Credit Union closed to give staff time to change over to a new computer system (Computer Professionals Unlimited, or CPU, of Southfield, Michigan) that would end the use of passbooks in favor of transaction vouchers, and members now began carrying membership cards and receiving statements of account. Interest-bearing Christmas Club accounts, made possible by the new computer system, were introduced in the fall of 1978.

Tony Kerzic Retires

Tony Kerzic retired as Credit Union manager on December 31, 1978. Bill Reidel succeeded him on January 1, 1979. The former had 27 years and the latter 14 years on the Credit Union staff. Tony Kerzic was to stay on as a consultant for an undetermined period of time.



Jacob (Jack) Liukku and Tony Kerzic cutting the ribbon at the Grand Opening of our office at 2750 Washington Street in Waukegan, on July 20, 1975.



Waukegan Office - Moved in May, 1975, 2750 Washington Street, Waukegan, Illinois.

Membership in the Credit Union increased from 14,662 to 16,185 during 1978. Loans grew by \$1.7 million, a rise of 13 percent, as compared with the increase of 15 percent in 1977 over 1976. Gross income was \$1.5 million; gross operating expense totalled \$718,103. The ratio of gross operating expense to gross income for 1978 was 49.1 percent, as compared to 44.4 percent in 1977 and 44.6 percent in 1976. The principal new item of expense was the interest the Credit Union paid on \$1.4 million borrowed from Central Credit Union to meet member loan demand.

Credit Union Feels Pinch of Inflation

Share/savings dipped \$70,887, as members withdrew larger amounts despite the fact that the dividend rate on share accounts was increased from 5.5 percent to 5.75 percent per annum for the last three quarters of 1978. But it was a year of high interest rates in bank and S&L certificates. The board recognized that it had to pursue two goals in 1979: Retain the Credit Union's share/savings base and gain an additional \$2 million in share/savings to pay off the borrowed money and meet members' loan needs.

Member Bruce Briesch won the Credit Union's 50th anniversary slogan contest with "A Half Century of Dependable Financial Service." His prize was \$100.

Gross income for 1979 was \$1.5 million; gross expense, \$765,451. The expense-to-income ratio was up fractionally to 51 percent. Unable to sustain the

expense of borrowed money, the Credit Union repaid \$748,000 of it to the Central Credit Union.

Savings Move Out for Higher Rates

"At first glance," pointed out manager Bill Reidel, "it appears we lost deposits amounting to \$211,192. However, in reality, we lost deposits of \$863,567 because during the year we paid dividends to members of \$652,375." He felt the main reason for this loss was that some members moved their savings to other depositories for higher interest rates.

"Practically all members experienced a decline in real income," he continued. "Many members needed to draw on their savings to maintain their households at present living standards. Nationally, personal savings have declined to about three percent of disposable income; this is half the traditional six percent rate. The bright side is we have done better than many financial institutions our size. In my view, this is due to the loyalty of our members and our payroll deduction programs."

Member loans had to be restricted because of the loss of capital, and the market rates for borrowing money to lend to members were too high. "Money will continue to be tight, liquidity will continue to be a problem, and the credit crunch will be with us for a good portion of the year," Bill Reidel predicted, adding that the Credit Union's goals for 1980 would be to "key on delinquency control, make good conservative loans, and attract member savings."

The 1980s: Selling the Credit Union to the Me-Generation

The 1980s in a nutshell: The FSLIC fund crisis. The Iran-Contra arms scandal. Assassination attempts on President Reagan and Pope John Paul II. The assassination of Egyptian President Anwar Sadat. Lech Walesa and Polish Solidarity. The election (and reelection) of Chicago's first black mayor. The ascendance of Mikhail Gorbachev and Glasnost. The stock market's "Black Monday."



Following the 1980 annual meeting, Raymond DeWeerth was elected Credit Union chairman. During the year the Credit Union continued to experience the same inflationary pressures that individuals felt, and the gap between income and expenses closed some more. Membership grew from 17,149 to 18,106 at year end 1980.

Share Drafts Help Stem Outflow of Funds

Although regular share/savings decreased by more than \$300,000, total savings for 1980 showed a loss of only \$44,000, thanks to the Credit Union's newest service, share drafts, which were opened to the general membership in August. Recession continued to cause unemployment and work slowdowns. As a result, many members had to withdraw their share/savings just to meet current expenses, or, in some cases, to increase their rate of return.

Declining auto and housing sales, coupled with rising interest rates and credit restraints imposed by

the Federal Reserve, decreased loan volume in 1980 by \$1.6 million.

During 1981 the Credit Union vigorously promoted its share draft accounts. There were more than 1,400 of them at the beginning of the year; 3,500 by April 1, 1981. Total share/savings increased by more than \$3 million in 1981, with share drafts accounting for \$1.6 million of the increase.

Delinquency decreased from 2.6 percent at year end 1980 to 1.4 percent by the end of 1981.

Gross income was up 27.4 percent or \$401,000. But an additional \$1 million in investments had a lot to do with the increase. And while operational expenses were higher than 1980, they were actually lower as a percentage of gross income. Overall loan growth amounted to 21 percent.

Credit Union Becomes State of the Art

Business was booming. The Credit Union purchased additional land to expand its parking lot in 1982, and new drive-up equipment was installed in February. On May 24, the Credit Union "went live" on its new in-house computer system.

The board of directors declared the May 31, 1982, dividend at six percent for membership savings, business accounts, Christmas savings, and share draft accounts. The Individual Retirement Account (IRA) dividend was 12 percent.

Millions to Lend

"We've got millions to lend!" proclaimed a headline in the July 1, 1982, *Reporter*. Money was not tight; new-vehicle loans were going for an annual percentage rate of 15 percent. The Credit Union outperformed national Credit Union increases in assets and savings by two to one, with assets up by 35 percent and savings by 34 percent. CDs grew by 222 percent; share drafts by 74 percent.



First Joint Sponsor/Credit Union Annual Meeting

The Credit Union and its sponsor, Consumers Cooperative Association of Lake County, for the first time, held a joint annual meeting and dinner on March 9, 1983. Guest of honor was Kaarin Luhtala, Account No. 1, who had been the first member to join the Credit Union 53 years before.

By year end 1983, the Credit Union had more than 20,000 members. An all-time growth record in shares, \$8.5 million, was posted. Loan growth during 1983 was \$3.4 million, the best gain ever. Assets were up nearly \$9 million to \$30.3 million.

New services the Credit Union introduced in 1984 included VISA cards and *The Quick Stop*, a 24-hour automated teller machine, and PAM (Phone Access Magician), a 24-hour audio telephone account-access service.

Mundelein Community Credit Union Merges

On February 1, 1984, Mundelein Community Credit Union merged with the Credit Union and began operating as a full-service branch. On March 1, 1984, NOSCO Credit Union, which served employees of a Waukegan printing firm, also merged with the Credit Union. On August 16, 1984, the Credit Union purchased 2.9 acres in Mundelein for the purpose of erecting a new building for the branch office. The price was \$377,168.

Credit Union Drops NCUSIF for Private Insurer

In 1984 an overwhelming majority of voting numbers (97.5%) voted to transfer share/savings insurance from the National Credit Union Administration (NCUA) to the National Deposit Insurance Corporation, (NDIC), a private insurer based in Dublin, Ohio.

"We enjoyed the greatest increase in loans outstanding in the history of our Credit Union," Chairman Raymond DeWeerth, Treasurer John Janezic and President Bill Reidel jointly reported to the members at the 1985 annual meeting. "Loans increased by 40 percent or \$6.4 million to \$22.8 million by year end! . . . The VISA program, with \$1.9 million outstanding, accounted for 35 percent of the aggregate loan gain for the year!"

Nine thousand members had share draft accounts at the Credit Union and 2,500 members held Credit Union VISA cards. The Credit Union was averaging 90,000 over-the-counter transactions a month.



Ground Breaking for Mundelein Office November 1, 1986

Tony Kerzic Suffers Stroke

On March 7, 1984, Tony Kerzic suffered a massive stroke and died July 12, 1985, at the age of 69. He had been in declining health since he had a stroke early in May 1981. Tony had devoted his life to believing in the Credit Union movement.

In 1985 Credit Union assets increased by more than \$9 million, or 23 percent, to \$48.6 million at year end; it was the fifth successive year of substantial asset growth. During the first half of the decade assets increased by \$36.2 million, or 292 percent. Some 1,787 new members joined the Credit Union during 1985, more than double the year before, to bring the total to 22,282. Much of the growth was credited to the Mundelein branch office.

Aggregate savings grew by \$9 million or 25 percent, with the greatest percentage increase in Individual Retirement Accounts (51 percent or \$1.9 million). The anemic growth rate in certificates (12 percent) was due to a decline in market rates, according to the annual report to the members.

During 1986 Credit Union assets increased by \$10.9 million, or 22 percent, to reach \$59.6 million. Membership grew by 571, for a year end total of 22,853. This was a poor showing compared with 1985, when 1,787 were added, but aggregate share/savings increased by \$10.3 million or 22.6 percent, suggesting that more members were using the Credit Union as their primary financial institution.

Total loans were up \$3.2 million, or 12.8 percent for the year, helped by the introduction of first mortgage real estate loans in the third quarter,

which took up the slack of the deteriorating auto-loan market. The Credit Union's delinquent loan ratio was about half that of the national average, but bankruptcy was becoming more vexing and increasing writeoffs.

Credit Union Loses Its First Chairman

Jacob (Jack) Liukku, first chairman of the Credit Union in 1930, died June 30, 1986, at the age of 97.

During 1986 the marketing emphasis was on loans. The Credit Union also began construction on the new Mundelein branch, with completion predicted for August 1987. The architect was Daniel K. Bleck of Libertyville, and the construction manager, Larry May, a member of the architect's staff. "Mr. May did a fine job of running the project, containing costs and meeting deadlines," recalled Bill Reidel.

New Mundelein Branch Dedicated

The new Mundelein branch, which cost \$1.1 million, opened for business on August 31, 1987. At the dedication ceremony on October 15, 1987, Chairman Raymond DeWeerth presented the Credit Union's first member, Kaarin Luhtala, with a plaque. Speakers included Raymond DeWeerth, Roman Miller, chairman of the Building Committee, and Martin Blank, president of the Libertyville, Mundelein and Vernon Hills Area Chamber of Commerce. Larry May presented the keys to the building to Roman Miller and to branch manager LeRoy Wiese.



*Mundelein Branch — Moved in on August 31, 1987
1210 S. Lake Street, Mundelein, Illinois*

At year end 1987 assets amounted to \$67.4 million and membership stood at 29,360, an increase of 1,470. Members had 14,513 share draft accounts and more than 6,600 active VISA cards. The average number of monthly transactions was 165,000. But consumer loan demand was weaker than in 1986, bolstered only by big gains in home equity, second mortgage, VISA and student loans.

The Credit Union's earnings for 1989 were "the best in our history," reported Bill Reidel, president, and Raymond DeWeerth, chairman, at the 1990 annual meeting. The guest speaker was Vicki Ponzio, Illinois Credit Union League director of governmental and public affairs.

Gross income increased by 15.3 percent, expenses by 10.9 percent, for a net-income gain of 91.3 percent for the year. The Credit Union added 1,347 new members during 1989 to bring total membership to 32,270. The Mundelein branch accounted for 36 percent of the new members. Assets increased by \$5.8 million to reach \$82 million by year end 1989 — an increase nearly double the four percent national average.

Savings were up \$5.3 million or 7.5 percent, compared to the 3.8 percent growth rate of Credit Unions nationally. Certificates of deposit represented the largest dollar gain of any share category.

The Credit Union reported a record loan growth for the second year in a row. Aggregate loans grew by \$12.4 million in 1989, compared to \$11.8 million in 1988, with mortgage loans of \$6.5 million leading the way. About 85 percent of the growth in mortgage loans came from the home-equity program EQUI-LINE.

Positioned for Further Growth

Reserves were strengthened by \$786,524 or 18.8 percent during 1989, inspiring Raymond DeWeerth and Bill Reidel to remark that "at a time when many banks and savings and loans are struggling to



survive, your Credit Union is positioned for further growth and prosperity." The Credit Union spokesmen predicted that "there is a good likelihood that the deficit and inflation will demand most of the Federal Reserve Board's attention during 1990, with the Fed hoping that recession will not spread beyond well-defined sectors of the economy."

They also forecast asset growth in 1990 to fall into the seven-to-nine percent range. But weakened new-car sales would make it difficult for the Credit Union to attain its projected 12 percent aggregate loan growth in 1990, they stated. Quality service, however, would remain the No. 1 goal for the new year, and to reach that goal, emphasis would be placed on recruiting, training and scheduling of staff. They also reported that the Credit Union would join the Cash Station ATM network in 1990.

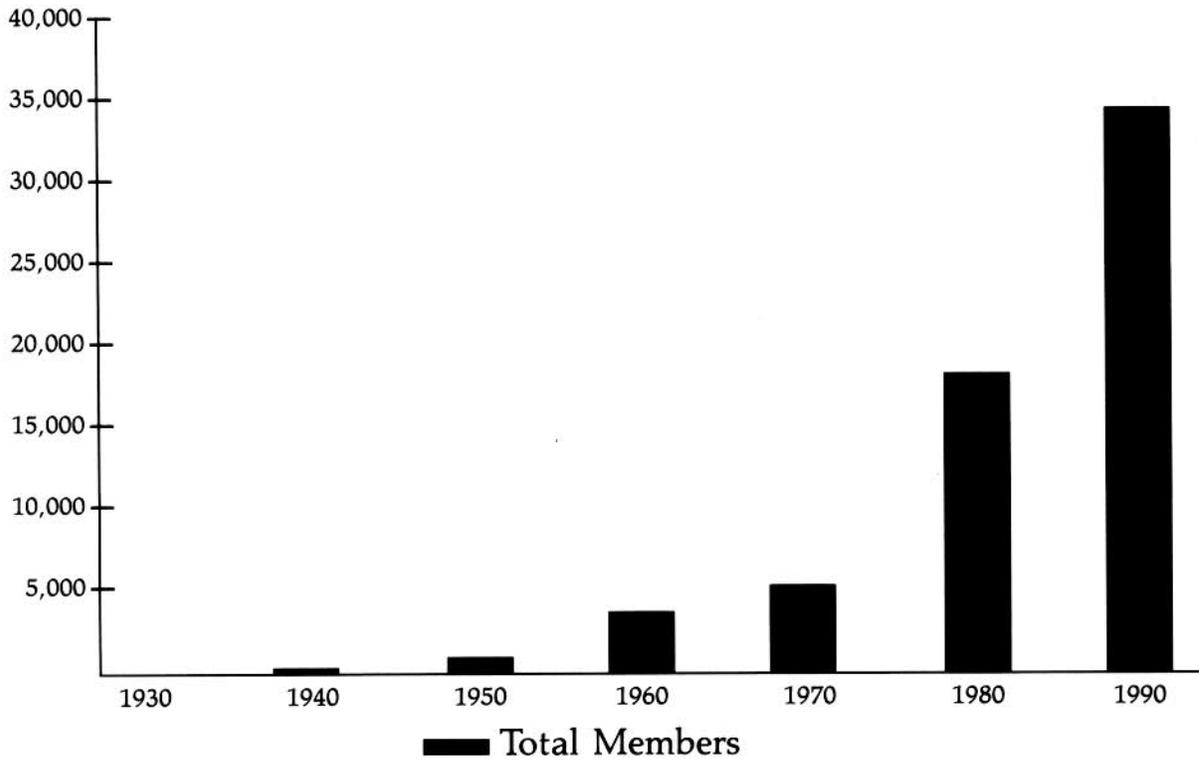
Leadership and Loyalty

This summarizes the history of a Credit Union that refused to close its doors when its sponsor liquidated. Instead it re-grouped and came back stronger than ever before. Consumers Cooperative Credit Union is the second largest Credit Union in Lake County and one of the most successful in Illinois. Its success is due chiefly to a rare combination of member loyalty and strong leadership, the latter exemplified by an unbroken succession of dedicated managers: Leo Saari, Tony Pierce, Tony Kerzic and Bill Reidel and volunteer chairmen Jack Liukku, Russ Alford, Ellen Sandvick (Nantz), Helen Dragunas, Ernest Wooldridge, George Harro, and Raymond W. DeWeerth.

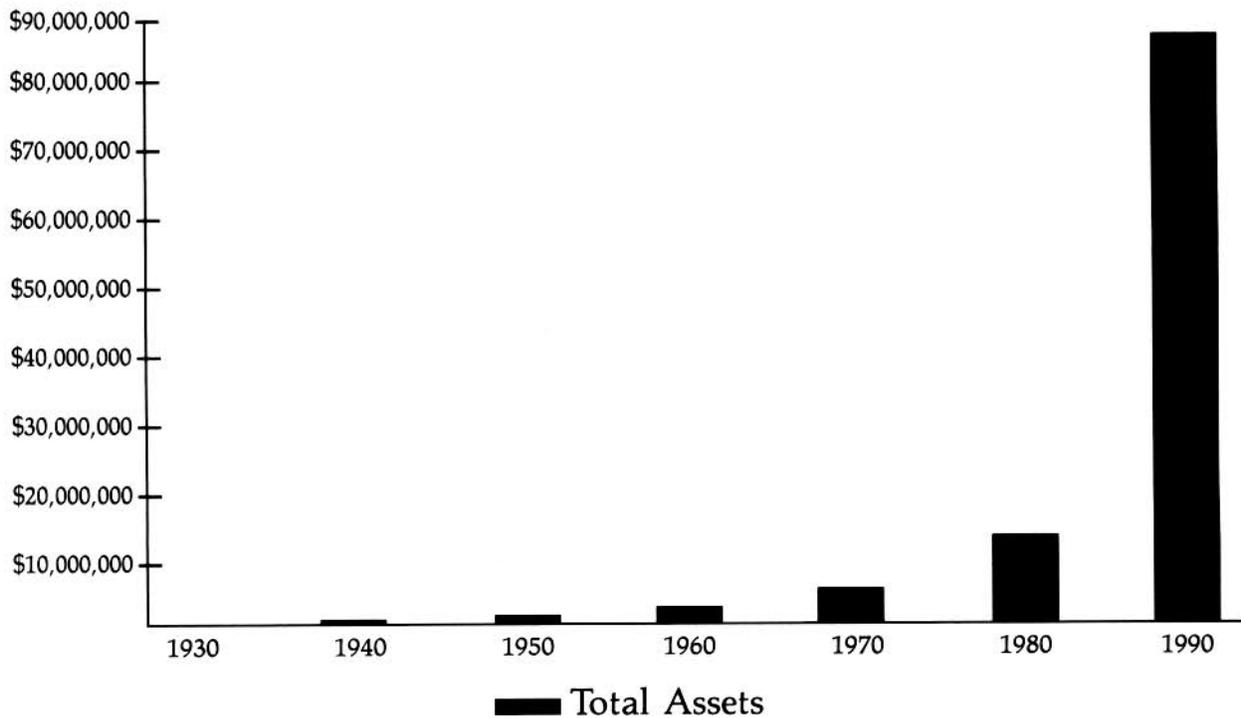
With a 60-year history of courage in the face of adversity and flexibility in a world of accelerating change, Consumers Cooperative Credit Union will continue to prosper, to render superlative service to its members, and to inspire other Credit Unions to follow its lead as long as its members continue to support the Credit Union movement.



Membership Growth: 1930 - 1990



Asset Growth: 1930 - 1990





From left: Elmer Sorsa, Ernest W. Wooldridge and Armas Wirtanen confer on Credit Committee matters.



Co-op Credit Union president, Ellen Sandvick, and George Harro, Chairman of the supervisory committee of the Waukegan-North Chicago School Credit Union exchange congratulations upon the completion of the merger of the two Credit Unions. Looking on are Anton (Tony) Kerzic, Jr., treasurer-manager of the Co-op Credit Union, and Floyd ("Bud") Allen, vice-president.



Tony Kerzic (left) seeking advice from former treasurer-manager Tony Pierce



Chairman Ellen Sandvick and Tony Kerzic, treasurer-manager surveying the future home of the Credit Union.

The 1990s: Increasing Delivery Channels While Using Technology and Staff Training to Deliver Quality Service to Our Members

If ever it could be said that one time period set the table for another, that statement would surely apply to the last decade of the 20th century. There were a series of significant trends that started in 1990 and continued up until the very last day of 1999. Those trends include innovation through technology, an expanded menu of products and services combined with new channels to deliver them, all while doubling the number of physical branches – then tying everything together with a series of training programs for your team.

That’s the story of Consumers Cooperative Credit Union (CCCU) during the 90s. Let’s begin ...

The pace of change during the decade moved at unprecedented levels – as seems to be the case throughout most of our history. Perhaps the most significant change was the Internet, which grew from a mysterious tool primarily used by government and military agencies, technology enthusiasts and the few among us who effectively work in a DOS environment into THE dominant force for businesses.

That growth began in the early years of the decade, as graphical user interfaces and desktop computing became affordable. Access to this wonderful new tool expanded to virtually every workplace as companies both large and small created their first websites.

By the end of the decade, the days of written letters, memos and white-paper reports were rapidly disappearing, replaced by a new

method of communication called email. This less formal (and much faster) means of communication rapidly became the option of choice for many.

Desktop workstations, email messaging and rudimentary websites were just the beginning. By the mid-90s, technology allowed work

groups to share applications and ideas, fueling a burst in creativity and efficiency. Websites morphed from electronic brochures to e-commerce sites, allowing business to be conducted over the Internet, leading to an increase in the “reach” for companies with the vision to invest in this new technology.

With such huge advances in technology came equally huge concerns about issues such as privacy and data security. In truth, each new advancement was accompanied by an increase in potential vulnerability. Such concerns cast a large shadow over the financial services industry, causing CCCU to take a prudent “go slow” approach that allowed for progress while always keeping the well-being of our Membership in mind.

As the decade progressed, perhaps the largest concern was preparing for “Y2K,” with the fear the world’s computer systems might come crashing down as we moved into the new millennium. As with responsible organizations everywhere, CCCU took several precautions throughout the decade to assure we were as prepared as possible for potential challenges. These precautions were reflected in staff training, including creating and continuously updating business continuity and disaster recovery plans.



In addition to the challenges, our brave new world also created an exciting platform on which the credit union could expand our products and services. Technology enhancements allowed us to introduce the first remote additions to our delivery channels that expanded how and from where Members could access their money and conduct transactions. Technology also provided the means that would ultimately allow us to better leverage our unique Associational charter.

The combination of new technology, new products and services, and new delivery channels combined to set the tone for yet another important trend in the evolution of Consumers Cooperative Credit Union: the 90s saw our first meaningful branch expansion. In addition to using technology to expand remote access to services, we also doubled our number of physical locations during the 90s from two to four while making plans for even more branches in the decade to follow.

Exciting new technology. Rapidly expanding products and services. New delivery channels. An educated and well-trained staff. New physical locations. All interrelated, all contributing to CCCU's growth.

The results: assets grew by 280% during the decade, loans increased 311% and we added more than 10,000 new Members. Add it all up and you have the 90s!

On the pages that follow, we'll explore each of these trends in more detail, as follows:

- *Technology Enhancements*
- *Expansion of Delivery Channels*
- *Addition of New Products and Services*
- *Branch Development*
- *Staff Training*
- *Regulatory and Other Considerations*
- *The Decade by the Numbers*
- *Milestones of the Decade*

We hope you enjoy the 90s as much as we enjoyed them!

Technology Enhancements

Technology was clearly one of the driving forces of the decade, commanding an ever-increasing role in the way CCCU delivered our products and services to Members. Along the way, there were a series of technology events critical to the credit union's continued success.

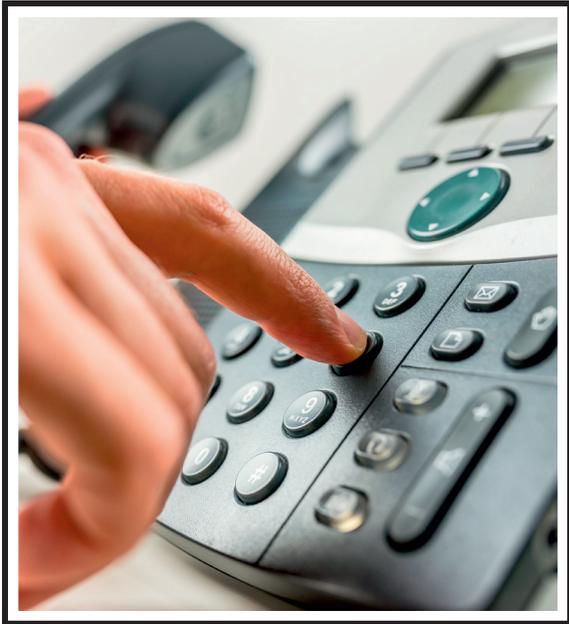
The first enhancements of the decade began in 1990 when we automated loan documents, moving to system-generated documents rather than manually preparing and typing each one. This new process both increased efficiency and reduced errors, while Members enjoyed the benefit of faster turnaround and approval times on their loan applications.

In 1992, the credit union installed a new mainframe computing system while also updating peripherals such as desktop terminals and printers. These enhancements to our "core" data processing system provided several important benefits. First, the new technology broadened CCU's ability to serve our current business lines. Second, the technology was scalable, meaning it had the capability to expand as we continued to grow. This one-two combination provided the third benefit: the ability to improve service to our Members. Most importantly, the new system was installed without a hitch!

The central processing unit (CPU) for the core system was subsequently updated in 1995, again without any negative impact on either staff or Members. This upgrade provided the additional horsepower required to meet the demands of our technology plan through the end of the decade.

In the same year, we upgraded our VISA credit card processor to TeleCredit. TeleCredit provided the dual benefits of improved administration of our credit card program while laying the foundation for future enhancements to our VISA program.

We took another big step forward in 1993 when we automated currency processing in Waukegan. Members enjoyed the positive impact on our busiest branch through reduced wait-times while the credit union benefited from increased accuracy and efficiency. This



automation would ultimately spread to our Mundelein location and all future CCCU branches.

Staff received another great new tool in 1994 when we purchased our first digital telephone system. It took eight months to research and identify the preferred system, which then came online in January 1995. The system improved communication capabilities between offices and our growing lending departments. The new system also included CCCU's very first voicemail capability, making it well worth the wait! For the first time, CCU Members could now apply for a loan from any touch-tone phone – 24 hours a day, 7 days a week, 365 days a year (24/7/365).

As lending efforts continued to grow, there arose a need for powerful loan processing software to handle the increased volume. We laid the foundation for that in 1995 by creating the plan for our first wide area network (WAN). Installation of the WAN was completed in March 1996. Combined with our new loan origination system, loan processing could be completed four times faster than ever before.

Combined with the increased power from our CPU upgrade in 1995, the WAN also provided

the ability to “network” personal computers in key departments, a solution that was deployed in 1996 and expanded in 1997. This was another big step forward and once again, this enhancement led to improved service for our Members by improving communication from between departments.

One of the most significant technology events of the decade occurred in September 1995 when we updated and tested our Disaster Recovery Plan. For the first time, we moved from an IT/computer system strategy to an enterprise-wide approach; a more comprehensive testing plan that contemplated potential issues throughout the credit union. Updates and testing continued annually through the remainder of the decade.

The “trigger” for this new approach was the highly anticipated (and much feared) “Y2K” event on January 1, 2000. One benefit of the Y2K concern was realized when CCCU developed and implemented a formal strategy for Technology planning. The plan, introduced in November 1997, outlined future technology needs while providing guidance for both technology governance and management decisions. The new plan helped assure technology projects and purchases aligned with our vision and mission while supporting the credit union’s enterprise-wide strategic plan.



Naturally, Y2K dominated technology initiatives through the remainder of the decade. CCCU recognized the need to upgrade our technology leadership to manage the process, adding an Information Systems Manager in 1997. In addition to our internal systems, we expanded our due-diligence to include key vendors to assure Members would not be impacted because of failures on their part.

In 1998, CCCU President Bill Reidel appointed a Y2K Committee to begin assessing and working on issues of concern. Committee members were Kevin Mayers, Operations VP and committee chairman; Jim Benlein, Information Systems Manager; and John Pawlowski, VP of Finance. Leaving no stone

unturned, the credit union also contracted with McGladrey and Pullen 1998. Their role was to audit our Y2K plan, provide feedback and to offer additional suggestions to our committee.

This approach provided significant peace of mind throughout the organization, from the boardroom to the front lines and everywhere in between. The planning and preparation paid off too: Consumers Cooperative Credit Union enjoyed a smooth transition from December 31, 1999 to January 1, 2000 with no negative impact from Y2K.

In summary, the decade from 1990 to 1999 saw the most significant increases in the use of technology in the credit union's first 70 years. Our measured, thoughtful approach to adding new systems and solutions created a foundation for progress throughout the credit union – a foundation that will be explored further on the pages that follow.

New Delivery Channels

The continuous upgrade of CCCU's technology capabilities provided the perfect opportunities to expand how we delivered our products and services. Prior to 1990, our "delivery channels" were limited: coming into an office where you could see a teller, use our proprietary "QuikStop" Automated Teller Machine (ATM) or the drive through. "Remote channels" meant conducting transactions by mail or direct deposit, where available from an employer. That was about to change in a big way during the decade of the 90s.



Our first major step forward was joining the Cash Station ATM network in June 1990. This greatly expanded our service capability over the internal system we had been operating. Members were no longer limited to doing business at the credit union's two ATMs: they were now able to transact business at any Cash Station ATM, regardless of where it was located.

By 1992, Members were clearly embracing the idea of self-service with their financial transactions. That year alone, CCCU completed 794,253 ATM transactions. Additionally, Members used our automated phone access service (PAM) to check account information 328,375 times.

We further expanded ATM capabilities in 1993 when we opened a drive-through ATM in Mundelein, offering Members the convenience of 24/7/365 access to their money at that location. Later that year, we won the bid to install an ATM in the lobby of the Lake County Court House, completing installation on December 17, 1993. In addition to providing better Member service, these moves also attracted new income from non-Members who utilized these two locations.¹

The previous section touched on CCCU's new phone system, installed in January 1995. In April of that year, we introduced "Touch Tone Loan Express," giving Members the opportunity to apply for loans over the phone anytime from anywhere, thus adding telephone access as another new delivery channel. That channel was strengthened even further when we launched "Loan Line 24" in 1997, giving applicants the opportunity to talk with a loan counselor anytime they applied for a loan, 24 /7/365.

CCCU provided another new channel for Members looking for an auto loan when we introduced a local indirect lending program with area dealers in 1996. This program allowed Members (and prospective Members) to begin the loan application process while at the dealer. This added convenience for Members resulted in an additional \$2.6 Million in auto loan volume for CCCU.

¹Note: in 1996, CCCU discontinued adding a surcharge to ATM transactions.

²Beta-testing for Automated Bill Pay was completed in 1999, with the service first offered to Members in 2000.

The most significant new delivery channel was created in 1999 when CCCU introduced our first online banking solution. Originally known as “Home Banking,” this bold step was taken on August 9, 1999 – nearly five months before the calendar turned to 2000. Home Banking included an option for automated bill pay, a wonderful convenience for Members opting for this feature.

Interestingly, Home Banking and automated bill pay² were added while many financial institutions were paralyzed by the specter of Y2K. If there was any doubt about the wisdom of that decision, CCCU Members and staff proved we were ready for the challenge: by the end of the year, 1,451 Members were enrolled in the new services and another 29,464 made inquiries about them. WOW!

By the end of the decade, CCCU was transformed from an “on-site” financial institution to one committed to offering our products and services to Members in as many ways and through as many different delivery channels as possible. By leveraging new capabilities provided by improved technology and telephony, combined with building on our relationships with Members and local auto dealers, the credit union was ready to plunge into the new millennium.

Addition of New Products and Services

The advances in technology plus multiple new delivery channels positioned CCCU to increase the value of Membership further than ever. The perfect complement to those advances would be the expansion of the credit union’s menu of products and services; the 90s saw several timely additions.

Towards that end, we looked for innovative new ways to increase the value. In fact, the decade’s first new service was National Buyers Federation (NBF), an automobile purchasing cooperative added in 1991. This service helped remove the stigma of “haggling” for a fair price for automobiles. Instead, CCCU Members were assured the price they paid for new cars and trucks would be no more than \$100.00 over invoice. The NBF program helped drive loan volume during a very challenging year for the U.S. economy.

In 1992, the credit union negotiated an agreement with Sam’s Club so all Members could join Sam’s Club in Gurnee. This represented a two-fold savings to Members, first on the Sam’s Club membership fee, then by providing a low-price shopping option for all CCCU Members. Both Sam’s Club and NBF are examples of helping Members by offering new non-traditional services.

The credit union took another bold step forward in June 1993 when we added Plan America, our first investment service, in cooperation with CUNA Mutual Insurance Group. The Plan America program was offered exclusively and at no cost to CCCU Members; a key strategy to help them effectively plan and manage their personal financial goals. The program was so well received by Members that CCCU was recognized as one of the top performing credit unions for Plan America by the end of 1994.

By the mid-90s, mortgage originations had become an increasingly important part of our loan portfolio. To help increase mortgage options, we added our first 3-year Adjustable Rate Mortgage (ARM) in 1994. We also lowered down payment requirements from 20% to 10% to broaden the reach of our program. That same year, we received approval from our state regulator to increase our maximum mortgage amount from \$200,000 to \$300,000. Finally, our increased focus on mortgages was supported by the build-out of the lower level of the Mundelein office in 1995, allowing for an increase in both staff to effectively manage the increased mortgage volume.

In 1995, we added the SCORECARD rewards option to CCCU’s VISA credit card portfolio, with the reward points redeemable for both merchandise and travel. This new feature helped us compete on a level playing field with much larger credit card issuers and quickly became a hit with our Members.

The credit union added Money Market Accounts as a new savings option in 1996. Members quickly embraced them: our Money Market Account balances grew by \$13.7 Million in the first year alone. The next year, we introduced three new certificate of deposit (CD) products of 15, 30 and 45 months,

respectively. These new CDs also turned out to be quite popular and grew by \$8.2 million by year end.

Over the next few years, we enhanced our Share Draft (checking) Accounts, as well. We introduced our first Overdraft Protection option in 1997, providing a safety net and peace of mind for those Members electing the feature. In April 1999, we issued our first Debit Cards, providing yet another way for Members to access funds from their checking accounts.

Branch Development

The 90s were clearly a dynamic time at CCCU: exciting new technology, a significant expansion of delivery channels, and innovative new products and services designed to increase the value of Membership. In order to better serve Members during this period of rapid growth, the credit union also made a significant commitment to our branch network.

The first investment came in 1990 when we remodeled the Washington Street office in Waukegan. This important investment was the first since we moved into that office in May 1975. After 15 years, the makeover helped us better serve the rapidly growing transaction volume at that location.

CCCU expanded our branch footprint in October 1991 when we opened a second full-service branch in the Mallard Creek Shopping Center in Round Lake Beach. While opening a branch in a strip center was new territory, it was always meant to be a temporary solution until we could identify a permanent location in western Lake County, IL, even as we were growing new Members in that area.



Mallard Creek Shopping Center Branch opened in Round Lake Beach in 1991

We accomplished that objective in 1993 with the purchase of land at the corner of IL HWY 83 and Monaville Rd in Round Lake Beach, where we would ultimately build our new facility. We took a “go-slow” approach from the time we acquired the land until we began construction, as our goal was to add 5,000 new Members in the greater Round Lake area by the time we opened the new office.

Plans for the new location were completed in 1996 and we broke ground for our beautiful new Round Lake Beach branch the following year. CCCU President Bill Reidel served as general contractor during the construction phase, working hand-in-hand with the Hezner Corporation, the project architect, and Larry May, the head of Kimbar, Incorporated, our construction management firm.

The target for completion of the new office was January 1998 – a target that was met when the branch officially opened on January 11th of that year. This new facility would become our largest physical office, with a full-service lobby, several drive-up lanes and a drive-up ATM. The initial build-out also included office space and an employee break room in the lower level, while providing for future expansion with an additional 5,000 square feet available on the upper level of the building.



Round Lake Beach Branch opened in January 1998

On December 2, 1996, CCCU opened another unique branch at Adlai E. Stevenson High School in Lincolnshire, IL. Stevenson High School had a student population of 3,300 at the time, along with an addition 350 faculty, administrators and support staff. The goal was for this location to be a catalyst for Member growth in the south-central part of Lake County.

In addition to expanding the branch footprint to Round Lake Beach and Lincolnshire, the credit union also made capital investments in our Mundelein and Waukegan facilities. The lower levels of both offices were remodeled to help us better manage our growing loan portfolio. When completed, the newly built-out Mundelein lower level became home to our Mortgage and VISA Departments, while the remodeled lower level in Waukegan provided upgraded facilities for our Loan Department.

Against this backdrop of new locations and remodeled facilities, CCCU kept an eye on future expansion opportunities as well. We purchased land on the southeast corner of Lewis Avenue and Beach Road on the north side of Waukegan in 1998, a six-acre site that would eventually become the home of our North Waukegan facility. The goal: add a fifth location to our growing branch network by the year 2002.

Staff Training

The CCCU management team recognized that successfully managing the growth of products, services, delivery channels and facilities required an aggressive staff training program. No matter how fast the place of growth and change, the credit union was committed to maintaining the highest quality of service to Members. This section covers training highlights from the decade.

The first training program was introduced in 1990, with all staff participating in several hours of training designed to improve performance in their specific areas while also helping them to better understand how to increase the value



of Members by delivering the best possible *personal* service to Members. This training returned almost immediate dividends, as the credit union received numerous letters with positive feedback from Members recognizing the quality service delivered by our staff.

As a result of this success, the credit union made a commitment to make staff training a part of each employee's annual development program. To meet that charge, we adopted several different training programs during the decade. In 1993, for example, we added the Vision Quest program from CUNA Mutual Insurance Group (CMG). In later years, we expanded our program to include CMG's Business Development Sales Training (BDST) for staff, a program that was implemented for new Member-facing staff through the remainder of the decade.

Upon completing the installation of our new core processing system in 1992, management was challenged to evaluate how we managed the workflow for transactions and other routine activities. The purpose: determine where and how we could increase operating efficiency throughout by increasing productivity **and** improving Member service.

As technology continued to evolve and improve, this mind-set of reevaluating processes became part of CCCU's approach to business. Each time we received a system upgrade, we looked for new ways to improve operating efficiency while maintaining superior service. Most importantly, we made sure staff was adequately trained to handle any changes before deploying them throughout the enterprise.

To monitor our success with this project, we hired the research department of Credit Union National Association (CUNA) to conduct extensive Member surveys on a periodic basis throughout the remainder of the decade. We used Member feedback from these surveys to fine-tune our training program and to identify how we could improve Member service and further increase the value of Membership.

CCCU also provided specialized training in the areas of strategic planning and marketing. Our management team benefited by hearing independent views from successful third-party providers in these areas. This steady stream of fresh ideas became an important part of our growth and success.

We also conducted periodic sessions for both management and the Board throughout the decade to assure effective and responsible asset-liability management. Our entire team responded well to the guidance from these experts, helping CCCU continuously earn excellent ratings from regulators.

Perhaps the most significant important aspects of our training program were the annual revisions and updates to the credit union's Business Continuity and Disaster Recovery Plans. Starting in 1995, the plan was extended beyond the Technology Department, adding new training requirements on end-user software. Through the end of the decade, we evaluated, tested, refined and then tested the plan again to help assure we were properly prepared for whatever challenges Y2K might bring.

Every change and refinement brought the need for additional training in this area. The result: our Y2K preparation and training regime was a huge success. We're happy to report that when the clock struck twelve on the day of reckoning, all was fine at CCCU and Y2K was history!

Regulatory

Throughout the history of credit unions, the movement has periodically experienced regulatory attacks from banks. The banking industry has forced the movement to defend our turf in a variety of areas, from defending our not-for-profit status to protecting our field of Membership to allowing the expansion of products and services ... even how we're regulated.

There were two very significant such battles during the 90s. The first occurred in 1991 when the banking lobby sought to combine the National Credit Union Share Insurance Fund (NCUSIF) with the Federal Deposit Insurance Corporation (FDIC). Such a move would

have forced credit unions to write off the 1% deposit they made to fund the NCUSIF while sacrificing the independence we enjoyed by having the National Credit Union Association (NCUA) as an independent regulator.

In order to help combat this banking attack, credit unions nationwide created "Operation Grassroots," encouraging Members to contact their federal legislators in opposition to this proposal. Seven CCCU Members traveled to Washington, D.C., in February 1991 to show our support for the initiative and to help lead the charge for our continued independence, joining 15,000+ Members from credit unions from every state in the union who descended on the capitol in support of Operation Grassroots.

We are proud that many of our Members, along with those from other credit unions, wrote personal appeals to their legislators to "vote no" on the issue of combining our share insurance fund and regulator with banks. When the smoke had cleared, Operations Grassroots was victorious. Just as importantly, credit unions learned a valuable lesson: to be ever vigilant and prepared to take on the banking lobby whenever the interests of Members are threatened.

In 1997, credit unions came together on another regulatory issue, urging Congress to sponsor a bill to give credit union Members freedom of choice when it came to their preference for choosing a financial institution. Credit unions had just lost a lawsuit over this issue – a suit initiated by the banking lobby and decided upon in their favor by the United States Supreme Court. Such a bill was needed if credit unions were going to be able to reverse the court decision and continue to compete with banks.

The result: The Credit Union Membership Access Act (H.R. 1151) was initiated in the House of Representatives in 1997. The bill quickly gathered sponsors and in 1998, it passed both the House and the Senate by overwhelming majorities. Credit unions had effectively used the grassroots muscle of our Members to intercede with legislators and prevail over the interests of the banking lobby.

In Memoriam

During the 90s, Consumers Cooperative Credit Union lost two very important leaders from our history. We dedicate this section to the memories of Tony Pierce and Karrin Mr. Luhtalathe while thanking them for their commitment and service to the credit union movement.



Tony Pierce

Tony Pierce

On February 22, 1992, Anthony (Tony) Pierce passed away at the age of 82. Tony served as Treasurer/Manager of the credit union from 1956 to 1971. Under his leadership, CCCU grew from \$1.7 million in assets to \$5.4 million, while Membership increased from 4,715 to 8,073. Tony dedicated much of his life to the cooperative movement and to the principle of “people helping people.” With his passing, CCCU and the credit union movement lost a stalwart, a friend and an advocate.

Karrin M. Luhtala

On December 7, 1999 a good friend and lifetime member Karrin M. Luhtala passed away at age 96. Karrin was on the credit union’s very first Board of Directors starting in 1930 and served as the Board’s first Secretary. She had the distinction of holding account #1 at CCCU, meaning she had the very first account opened by the credit union. Karrin was a dedicated supporter of credit unions and reveled in the progress CCCU made over the years. Thank you, Karrin, for all you did for us.



Kaarin Luhtala (1930 & 1990)

Consumers Cooperative Credit Union acknowledges our hard-working, all-volunteer Board of Directors that took the credit union through the last year of the 90s and into the 21st century. A huge THANK YOU to those serving on the Board at that time.

- **Raymond W. DeWeerth, Chairman**
- **James Mahnich, Vice Chairman**
- **Roman Miller, Treasurer**
- **Kenneth Robinson, Secretary**
- **Sam Filippo**
- **John Huber**
- **Cynthia E. Lee**
- **Stanley J. Pekol**
- **Dr. John R. Schwab**
- **Michele A. Stancil**
- **Robert Thirston, II**
- **Mary Turley**

The Decade by the Numbers

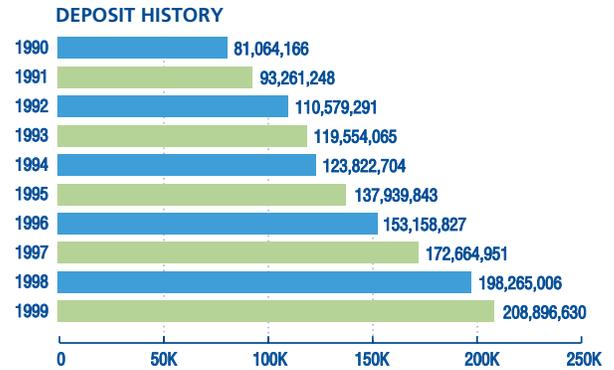
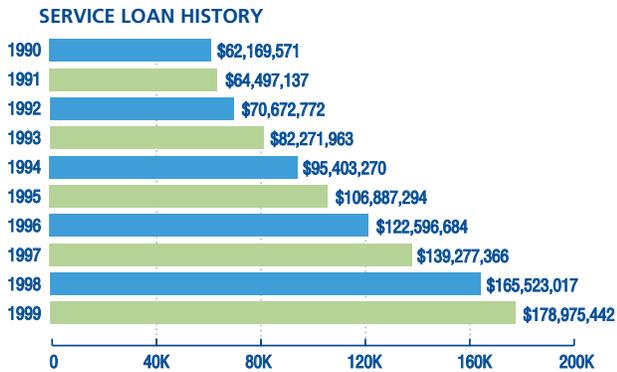
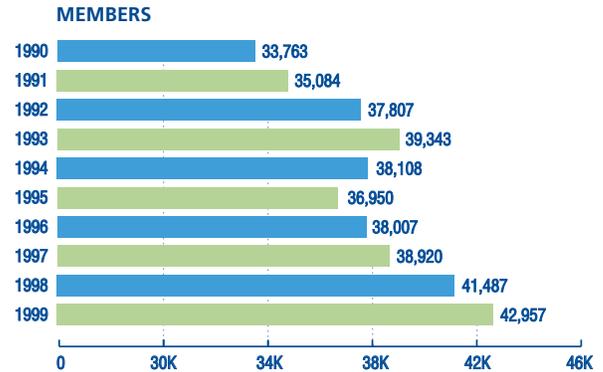
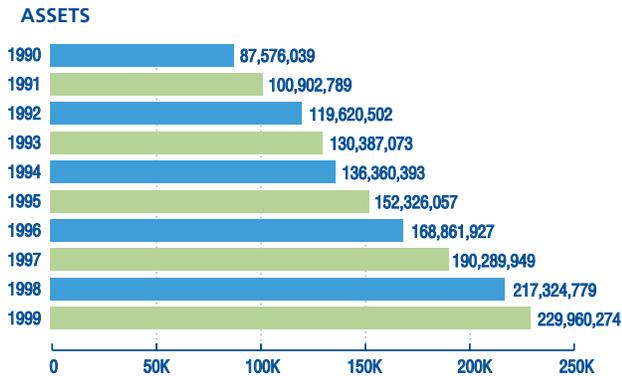
Consumers Cooperative Credit Union wrapped up its first 70 years with a record financial performance that positioned the credit union for success as it entered the 21st century. These efforts were critical, as CCU was entering the new millennium with the uncertainty about exactly what Y2K might bring.

CCCU prepared for the new century by assuring the fundamentals were in place. In October 1999, we conducted a strategic planning session and that same month, we completed a comprehensive, independent Asset Liability Management review, conducted by Brick & Associates, to validate our Balance Sheet was accurate and well-managed, all while increasing reserves to nearly \$20 Million.

Our Y2K initiative assured we had the technology in place to meet any challenges. We remodeled our Mundelein Branch and built our new Round Lake Beach facility to better serve our growing number of Members. We provided additional training for managers and supervisors and updated our Employee Handbook and our Corporate Policy Manual in preparation for the challenges of a new decade and a new century.

We are pleased to offer the following highlights that demonstrate our commitment to our Members, followed by charts that illustrate the results of our efforts from 1990 – 1999.

- ASSETS increased by 280% to **\$229,960,274** (from **\$82,005,425** at the start of the decade)
- LOANS grew to **\$178,975,442** (from **\$57,619,456** at the start of 1990, an increase of 311%)
- DEPOSITS exceeded **\$200,000** Million for the first time in 1999
- MEMBERSHIP grew to **42,957**, adding more than 10,000 new Members during the decade



Milestones of the Decade

The decade of the 90s was greatly influenced by advances in technology that helped Consumers Cooperative Credit Union rapidly expand our products and services while adding new facilities and offering innovative options for Members to access their accounts. In short, we took several key steps towards becoming a full-service financial institution and increasing the value of Membership. Credit unions' progress towards becoming full-service was not well received by bankers. That led to two major legislative battles, where we can proudly say credit unions prevailed in both, making 1990-1999 a very vibrant period in our history.

1991

- "Operations Grassroots" fends off banker attempts to combine NCUSIF with FDIC

1992

- Purchased new core processing system

1993

- Purchased land for new facility at Monaville and IL HWY 83 in Round Lake Beach
- Added Plan America investment service

1994

- Remodeling of Waukegan and Mundelein to expand Lending Department operations.

1995

- Installed CCCU's first digital phone system
- Expanded business hours to differentiate from banks

1996

- Added Money Market Accounts
- Opened branch at Adlai E. Stevenson High School

1998

- Purchased land for new facility at Beach Road and Lewis Avenue in Waukegan

1999

- Successfully lobbied Congress to pass the Credit Union Membership Access Act (H.R. 1151)
- Successfully executed Y2K plan, resulting in smooth transition to the 21st century

The 2000s: A Decade of Challenges, Changes and Progress

The 2000s: Y2K Hysteria a “non-event;” American under attack on September 11, 2001; the economy soars, followed by the Great Recession and the credit union industry responds.

The first decade of the 21st century can best be described as a roller-coaster ride – starting with the very first day. January 1, 2000, marked the much anticipated, much feared “Y2K,” a day when many existing technology platforms were expected to fail. Fortunately for everyone, this turned out to be one of the great “non-events” of our lifetime.



The buildup to Y2K fueled a rapid increase in the value of technical stocks, particularly those listed on the NASDAQ stock exchange. This so-called “dot-com bubble” led to vastly over-priced stocks. As is inevitably the case, the bubble led to the “dot-com crash” a few months into the year, delivering what would become the first in a series of jolts to hit the financial markets during the decade. Between March and October, the market shed more than \$5 Trillion in value.

The next major financial trend was the continuous increase in real estate property values. For several years, it seemed as if there would be no end to the ever-increasing cost of real estate and homes. In the short term, this trend had both a positive and negative impact on the economy.

On the positive side, homeowners enjoyed a steady increase in the value of their homes. Many people used this opportunity to “trade up” into larger homes. Many others used their increased equity to remodel their existing homes, to purchase new cars, to enjoy luxury vacations and any number of other activities.

The downside of this trend was two-fold. First, many potential homeowners were “squeezed

out” of the market because of the increased cost of becoming a first-time buyer. This, in turn, led to a second negative event: more and more financial institutions extended credit to borrowers with limited ability to repay their loans.

As with the dot-com boom that led to the bust in 2000, this continuous increase in real estate values was unsustainable. Additionally, the “easy money, easy credit” policies in place during the middle of the decade gradually took a toll on the financial markets. And so the

roller coaster ride continued: the consequence of these conditions was the banking crisis of 2008, followed by crashes in both the real estate market and the stock market.

During the remainder of the decade, real estate values plummeted by as much as 30% in many areas, and by an even greater amount in the “sand states” of Florida, California and Nevada. Stocks tumbled across all three major indexes – the Dow-Jones Industrial Average, the S & P 500 and the NASDAQ; it would take five years before stock prices returned to their levels of early 2008.

Lower values in both the real estate and stock markets created enormous pressure on borrowers. The financial services industry experienced sharp increases in delinquency, followed by charged-off loans and, ultimately, foreclosures on homes and other properties. While Consumers Cooperative Credit Union (CCCU) performed significantly better than our peers, the credit union also felt the impact of these forces.

This time, the downward trajectory of the roller coaster had a world-wide impact. In fact, the financial downturn extended beyond the nation’s borders, negatively affecting nearly

every major economy on the planet. This downturn became known as the Great Recession, the most significant financial collapse since the Great Depression of the 1930s.

Sadly, the credit union industry was not immune to these conditions. Two of the largest “Corporate” Credit Unions¹ – WesCorp and Members United – had significant investments in real estate backed securities. The combination of loose credit policies and declining real estate values resulted in the failing of both of these Corporates. Their failure, in turn, led to an increased burden on natural-person credit unions such as CCCU.

It’s fair to ask, “If CCCU never invested in risky real estate investments and didn’t have loose lending policies, why would they be impacted by the failing of the Corporates?”

The answer lies in the cooperative nature of credit unions. Unlike the banking system, which gladly gobbled up Billions of dollars in TARP² funds from the U.S. government – essentially, bail-out money – credit unions never took even one penny of government money.

Rather, the credit union industry worked together to solve our own problems. Doing so meant significant financial assessments from the NCUA, the industry’s regulatory body, to assure the solvency of the National Credit Union Share Insurance Fund (NCUSIF). CCCU’s contribution was nearly \$3.7 Million, in addition to a loss of approximately \$2.2 Million because of our support for and investments in the corporate credit union system.

Additionally, most credit unions – including CCCU – continued to lend during the environment. Compare this to the banking industry, where their approach to credit went from “easy money” to very restrictive lending policies, including cutting existing lines of credit.

Not so at CCCU! During the last three years of the decade, we increased our lending in all areas. While the details are provided later in this section, its significant that CCCU introduced Commercial Loans for Members, increased our number and volume of vehicle loans, disbursed a record \$109+ Million in real estate loans in

2009 alone and did not cut our Members’ lines of credits during the height of the recession.

Yet, the roller coaster continued. Even though the credit union industry worked cooperatively to solve its own issues, even more challenges loomed on the horizon. The government enacted burdensome new legislation under the guise of consumer protection – a trend that would continue into the next decade, culminating in the onerous Dodd-Frank Act of 2010.

With governments at every level looking for increased revenues, credit unions also faced the loss of our not-for-profit status and the threat of taxation – encouraged, of course, by the same banking industry that took TARP funds while credit unions did not. To-date, the industry has successfully blocked such attempts, but most continue to monitor the political climate in both Washington, D.C. and in Springfield to protect our Members’ interests.

Such is the backdrop for the first decade of the 21st century. We are proud to report that Consumers Cooperative Credit Union came out of the decade with a strong foundation that positioned the credit union for long-term growth. On the pages that follow, we’ll explore the trends that detail how CCCU met the challenges in our path while blazing a new trail into our future. Those trends are organized as follows.

- *Leadership Changes and Expansion*
- *Physical Growth and Expansion*
- *Technology and Security Enhancements*
- *Expansion of Products and Services*
- *Leveraging CCCU’s Unique Charter*
- *The Decade by the Numbers*
- *Milestones of the Decade*
- *Awards and Recognition*

¹ Corporate Credit Unions provide important services to natural-person credit unions, such as check and ACH clearing, investment opportunities and lines of credit.

² TARP = Troubled Asset Relief Program (TARP), a government program that extend loans to the U.S. banking system.

Leadership Changes and Expansion

The first decade of the 21st century saw changes in CCCU's leadership that impacted all areas of the credit union, from the Board of Directors to the President/CEO to department management. Fortunately for the credit union, the changes and expansion were part of an orderly transition throughout the organization, bringing new skills that positioned the credit union for long-term growth.

The first significant leadership change occurred in 2002 when James (Jim) Mahnich replaced Ray DeWeerth as Chairman of the Board. Mr. DeWeerth was first elected to the Board in 1975 and became Chairman in 1979. His 23-year tenure earned him the distinction as the Board's longest-serving Chairman. After his election as Chairman in 2002, Mr. Mahnich continued in that position for six years. In 2008, he was succeeded as Chairman by John R. Janezic.



Ray DeWeerth Jim Mahnich John R. Janezic

Also in 2002, William M. (Bill) Reidel announced his intention to step down as CCCU President, effective in 2004 (see more information about Mr. Reidel at right). Bill's proactive announcement afforded new Board Chairman Jim Mahnich and the Board's Search Committee ample opportunity to conduct an orderly search for a successor.



Bill Reidel Sean Rathjen

The extensive search included candidates from both inside the credit union and from successful credit unions around the country. The search culminated with the hiring of Sean M. Rathjen as CCCU's 5th President. (Continued on page 42)

William M. (Bill) Reidel: A legacy of leadership



William M. "Bill" Reidel spent nearly 40 years with Consumers Cooperative Credit Union, retiring as its third President in 2004. Bill presided over record growth resulting from his leadership and vision that included the expansion of products and services and leveraging of technology, helping CCU become a top 10 credit union in asset size in Illinois.

Bill began his career in 1964 as a loan collector, where he developed his passion for lending and helping Members and lived the credit union philosophy of "people helping people." Thanks to his work, several generations of Members trace their roots to a "first loan" given to a parent, grandparent or relative.

His reputation for fair play enhanced his credibility with political leaders at the local, state and federal level, helping them understand the importance of the credit union movement. Illustrating their positive feelings about Bill, his retirement ceremony included resolutions from the Governor of Illinois, the Illinois House of Representatives and the City of Waukegan, along with a Letter of Commendation from the Illinois Senate.

Bill was also a champion for the credit union movement at the Chapter and State level, promoting the Illinois Credit Union League whenever and wherever he could. Bill also served many other organizations, including The Filene Institute, the College of Lake County Advisory Board and on the Lake County Chamber of Commerce Board of Directors, serving as Chairman of the Board from 1999 to 2000.

Bill helped build Consumers Credit Union into a leader in the financial services industry. Under his watch, credit union Membership grew from 16,185 to 47,000+ Members, assets grew from \$14 Million to more than \$365 Million and CCU's new products included checking accounts, mortgage loans, Online Banking and Bill Payment, as well as other electronic services.

In recognition of his hard work and commitment to the credit union movement, Bill was inducted into the Illinois Credit Union Hall of Fame in 2009. CCCU owes much of our success to the work of William M. (Bill) Reidel, whose legacy will live on for many years to come.

(Continued from page 41)

Sean was most recently President of Blackhawk Community Credit Union in Wisconsin, with additional credit union experience at Sunmark FCU in New York. Sean was introduced to CCCU Members at the credit union's 74th Annual Meeting on March 10, 2004.

That gathering also provided the perfect opportunity for credit union and community leaders, along with state and local officials, to thank Bill Reidel for his 40 years of service to the credit union industry, which included 25 years as CCCU President. Accolades poured in from far and wide for the man synonymous with Consumers Cooperative Credit Union for four decades.

During Sean Rathjen's first year as President/CEO, one priority was to continue CCCU's commitment to leverage the credit union's associational charter. The unique charter provided the opportunity to attract new Members without any limitations of geography, employment or other similar membership restrictions. Meeting this objective required expanding the senior management leadership team by attracting new executive talent to the organization.

The first of the new senior management positions were filled in January 2005 when Consumers created the positions of Vice President of Sales & Marketing and Vice President of Lending. Those were followed in October 2005 when CCCU hired its first Vice President of Technology. The expansion of the leadership team was completed with the hiring of a Vice President of Commercial Lending in 2008.

While the decade saw many changes and extensive leadership growth, it was also a time of loss: six long-time credit union volunteer leaders passed away between 2001 and 2009. Their pictures and accomplishments are recognized in the article to the right.

In Memoriam

Consumers Credit Union lost six long-time volunteers, including five Members of our Board of Directors, one of whom served 23 years as Chairman of the Board. This section honors the memory of those who helped forge our history, with the year we lost them noted in parentheses.



Ernest (Ernie) Wooldridge (2001)

Ernie served on the Board of Directors for more than four decades, where he was recognized for his unselfish dedication to making our credit union better for Members. Ernie was so well respected that CCCU's 2001 Annual Report booklet was dedicated in his honor.



John Huber (2004)

John joined our Board of Directors in 1986. During his 18 years on the Board, John served as Chairman of the Credit Committee and several other committees. He was respected for his ongoing encouragement for growth and expansion of the credit union.



Sam Filippo (2005)

Sam served on the Board from 1992 to 2000, where he championed our expansion to the northwest area of Lake County with the opening of our Round Lake Beach office. Formerly Waukegan City Clerk for the City of Waukegan, Sam was equally committed to serving the community.



Norma Quedenfeld (2007)

Norma served on CCU's Board for several decades. During her years of service, CCU added branches in Mundelein, Round Lake Beach, Gurnee and North Waukegan, while greatly expanding our menu of products and services.



Donald Cartwright (2008)

Donald served on the Board of Directors for Consumers Cooperative Association, the credit union's sponsor, from 1995 to 2007. During his tenure, Don served on several committees, including Scholarship, Nominating and By-Laws, along with one term as President.



Raymond DeWeerth (2009)

Raymond DeWeerth was elected to the Board in 1975. He was selected to Chair the Credit Committee in 1977. He was elected Chairman of the Board in 1979, a position he held for 23 years, earning the distinction of being the longest-serving Chairman in CCU's History.

Physical Growth and Expansion

The new millennium also ushered in an unprecedented period of construction, with new facilities and the extensive remodeling of existing branches. During this time, the credit union grew from three to six physical locations and added a new “Contact Center” to assist Members with the growing number of phone and electronic transactions. This rapid growth is a testament to the smooth leadership transitions at the Board, management and operational levels.

The expansion began in 2001 when the credit union opened its Gurnee branch at the northwest corner of Grand Avenue and Route 21.

While the facility was small by CCU standards, it provided a foothold in one of northeast Illinois’ rapidly growing communities. The decision to move into the facility was quickly justified: branch volume grew so quickly that it was the first facility to receive a comprehensive remodeling, a project completed in early 2006.

CCCU’s next move was construction of a new facility on the north side of Waukegan. The newest location accomplished two very important objectives. First, Consumers was now able to better serve Members from Beach Park, Wadsworth, Zion and Winthrop Harbor. Second, service levels were immediately improved at the “main office” in Waukegan, as many current Members chose to conduct their transactions in North Waukegan. The new service center opened in February 2002.

The credit union’s next remodeling project was the Round Lake Beach branch. CCCU first opened a storefront location in Mallard Creek Shopping Center in 1991, then expanded to a new facility on North Route 83 in January 1998 (see pages 29 and 36). The building was built with the possibility that the upper level would be leased to other tenants, but Consumers’ continued growth dictated otherwise: the space was soon needed for training, a Contact Center and administrative offices.

With those uses in mind, CCCU completed a build-out of the upper level of Round Lake Beach in 2005. The new space included a state-of-the-art training facility for up to 35 staff, new

offices for the Human Resources Department, private offices for CCCU’s investment services program, a handful of other executive offices and a new Contact Center.

The “crown jewel” of the Round Lake Beach buildout was the credit union’s Contact Center, opened in May 2005. CCCU now had a centralized department for a full-service Contact Center, providing a new level of service for Members conducting electronic transactions and for those who preferred speaking to a “live,” local employee without coming into a branch. By the end of the year, the Contact Center fielded an astounding 78,000+ calls in just seven short months!

The building and expansion campaign continued throughout the remainder of the decade. Next up was the remodeling of the Washington Street location in Waukegan (2007), the first major renovation of the facility since its opening in 1975 (see page 20). The lobby was reconfigured to a more “welcoming” design, with brighter colors and an open floor plan. The remodeling also extended behind the teller line where new “cash handling” technology helped serve Members faster and more efficiently ... as did the addition of new coin-counting machines located in the lobby.

The floor plan for the Waukegan office was extremely well received; so much so, in fact, that the Mundelein branch received a similar makeover in 2008. Once again, the bright, open floor plan proved to be very popular with both Members and staff. The Mundelein branch also received the new cash handling machines at the teller line, along with the popular coin-counters in the lobby.

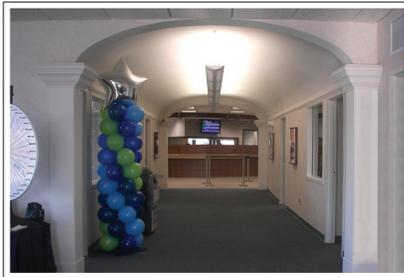
The construction continued with the introduction of CCCU’s sixth branch in Volo, Illinois. This was another important step for the credit union, as the branch footprint was now extended to the far western part of Lake County. The groundbreaking ceremony for the new branch was held in 2008, followed by the opening of the facility in February 2009. The Volo office included many of the modern design elements and new technology that had proved so popular in the Waukegan and Mundelein remodeling projects.



Gurnee Branch opened



Remodeled Waukegan Office



Remodeled Gurnee Office



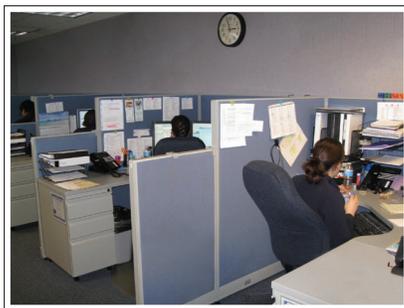
Remodeled Mundelein Office



North Waukegan Branch opened



Volo Branch Exterior



CCCU Contact Center



Volo Branch Interior

Technology and Security Enhancements

The first decade of the new millennium began with the “Y2K” frenzy, causing a great amount of worldwide angst, particularly with businesses and financial services providers. While the concerns turned out to be much ado about nothing, there was one positive from the scare: it helped usher in a new era

of technological advances, including those at CCCU.

The credit union used the opportunity to make several technological improvements, starting with a Disaster Recovery Plan, helping ensure continuity in the event of a technology “melt-down.” The plan addressed data recovery, Member contact, management succession, alternative facilities and other significant

factors. CCCU's Disaster Recovery Plan was subsequently updated on a regular basis throughout the decade.

In the early 2000s, a website became "the" new way to communicate with and serve Members. The credit union took pride in being on the leading edge of this new technology while maintaining sensitivity to security. Using this approach, Consumers became the first financial institution to earn the WebTrust Seal for website security. WebTrust is a Seal of Best Practices, a service jointly developed by the Canadian Institute of Chartered Accountants and the American Institute of Certified Public Accountants. It enables consumers and businesses to purchase goods and services over the Internet with the confidence that websites have historically met specific high standards for privacy, security, business practices, transaction integrity and more. CCCU went on to earn this important certification several times during the decade.

CCCU also kept up with growing demand for more electronic services by increasing manpower, expanding infrastructure and updating internal controls. Steps included updating the computer system in 2001, adding new eCommerce policies and procedures while updating security policies to comply with the new federal Patriot Act regulations in 2002 and converting to a new core processing system in 2006. The Technology Department staff was expanded from four employees to twelve by the end of the decade, including hiring a Vice President in 2006.

Expanded infrastructure was required to capitalize on these exciting new opportunities. Towards that end, the credit union made significant investments in the data center at the Washington Street office in Waukegan. To assure continuity in case of disasters, Consumers also built a new data center at the Volo office (opened in 2009) to serve as a backup and "fail-safe" to the primary systems in Waukegan.

The credit union continued to leverage technology to grow its menu of products and services to better serve Members. Examples included expanded Online Banking

capabilities: in 2003 alone, CCCU conducted 3,751,870 Online Banking transactions! To better handle the explosion in demand and to enhance security, Online Banking was moved "in-house" in 2006, providing for "multi-factor authentication" for Members logging into their accounts. In that same year, the credit union joined the Shared Branching Network, allowing Members to conduct real-time transactions at more than 2,400 locations throughout the United States.

In 2007, the credit union began offering electronic statements, another security improvement, while adding the ability to open and fund deposit accounts Online that same year. 2009 brought the addition of Mobile Banking, including CCCU's very own "Online app," available to Members in both the App Store and in Google Play. Members now had an easy-to-navigate tool available right on their smartphones. Mobile Banking would ultimately lead to Remote Deposit Capture, allowing Members to deposit checks from anywhere at any time. From a technological standpoint, CCCU had leveled the playing field against the megabanks when it came to Online Banking products, services and convenience.

Expansion of Products and Services

The new capabilities in Consumers' Technology Department played a significant role in an expansion of products and services in other departments as well, especially in the lending arena. Those capabilities led to the adoption of more new products and/or enhanced features in almost every year of the decade. Here are some examples ...

In 2000, CCU upgraded its "plastic card" portfolio by adding its first Platinum level credit card while updating its Classic and Gold levels. This important step led to the first "relationship pricing product" for lending products, the Premier Service Package (PSP), giving Members a rate discount on consumer loans when combined with a checking, credit card and Online Banking accounts. The credit card portfolio was further expanded in 2004, while the debit card program was upgraded with the addition of the Debit Express reloadable card in 2009.

The Mortgage Department experienced an even greater expansion of products and services during the decade. In 2004, CCCU added adjustable rate mortgages, new options for home equity loans and home equity lines of credit, along with escrow accounts for Members with first mortgages. In 2007, 15-year fixed rate home equity loans were added to the portfolio, along with a 7-year “balloon option” first mortgage product. To protect credit union assets, Consumers began selling some first mortgage loans to the secondary market, while retaining servicing on those loans so Members still had the credit union as their sole point of contact. Consumers’ expanded portfolio of mortgage products earned the distinction from Prime Alliance as that organization’s “Partner of the Year” for mortgage services in 2008.

CCCU added several new lending department positions to handle its growing portfolio of consumer loans. The first of the new positions was VP of Lending in 2005, followed by Director of Mortgage Services in 2006. The VISA Manager position was upgraded to Director status in 2007, and the consumer lending department was completed when CCU created the Director of Underwriting position in 2009. The latter positioned the credit union to create its highly successful indirect vehicle lending initiative a year later.

Commercial accounts presented another growth opportunity for the credit union, leading to the creation of a new department dedicated to business accounts in 2008. CCU also named its first VP of Commercial Lending in 2008, while opening its first commercial deposit accounts and disbursing its first commercial loans later that same year.

One of the credit union’s largest new Member acquisition initiatives of the decade was launched in August 2007 with the introduction of Rewards Checking, a unique high-dividend demand deposit account that initially paid Members up to 6.09% APY on balances up to \$20,000.00. Rewards Checking became the first relationship pricing account for deposit products, offering a perfect complement to CCCU’s PSP program for loans. It would ultimately become a magnet for new Members from all 50 states, an important step in the

credit union’s initiative to leverage its unique associational charter.

The Latino community was the fastest growing demographic group in areas around where CCCU’s three largest branches were located. The credit union launched several programs to better serve this community, starting in 2002 by accepting the Matricula Consular identification for documented residents from Mexico. Next up was creating the “President’s Council,” a steering committee of employees from across the enterprise to identify and implement cross-cultural programs. This resulted in publishing the first gallery of bilingual brochures in 2007. In 2008, Consumers also began offering fixed rate, low interest Citizenship Loans to cover the cost of citizenship applications.

While the initiatives listed above represent the more significant examples of the expansion of Consumers’ product and service menu, there were additional programs that merit mentioning. In 2002, the credit union began offering BALANCE Financial Fitness, a financial education service at no cost to Members. A new overdraft protection option for Members electing such coverage was added in 2003. That same year, CCCU also introduced risk-based pricing for consumer loans which in turn expanded loan approvals to lower credit tiers.

Leveraging CCCU’s Unique Charter

A key difference between Consumers Cooperative Credit Union and other credit unions was (and continues to be) its charter. A charter defines a credit union’s “common bond,” or the single thread that weaves its way through the entire Membership. CCCU’s “associational” charter was particularly unique because it allowed the credit union to attract Members without restrictions of employer, geography or any other similar restrictions.

Having a unique charter is one thing; maximizing the benefits of that charter is quite another. That’s where the trends cited above all tie together: the convergence of new technology to create opportunities with effective controls combined with the expansion of lending and deposit products with wide appeal created a perfect platform to leverage that charter and

attract Members from throughout the United States, not just in the area of the branch footprint.

The key products were the enhanced credit and debit card portfolio, checking products and electronic services, as these have virtually universal appeal. Consumers' early adoption of its user-friendly website and Internet banking capabilities provided these long-distance Members a highly-functioning delivery channel.

By the middle of the decade, additional technology enhancements and new products and services were developed and/or in the pipeline. It was time to focus on the credit union's marketing efforts and begin promoting these new capabilities. That led to a branding initiative in 2005 that shortened the marketing name to Consumers Credit Union (CCU), dropping "Cooperative" from all marketing and advertising materials. In addition to shortening the marketing name, other changes included a new, more contemporary logo, along with a softer color palate of greens and blues (*note: the credit union's legal name continues to be Consumers Cooperative Credit Union*).

The branding changes were introduced in January 2006. CCU's advertising and marketing also began featuring the tag line, "Your life. Our commitment." The tag line communicated the belief that Members were the focal point of CCU's existence. Towards that end, employees adopted a new (internal) commitment to Members: "*We promise to work with you to find personal solutions to help you achieve your financial potential.*"



Your life. Our commitment.

Once the new branding was in place, the credit union began a consistent campaign to attract Members from outside its branch footprint. Sometimes, these initiatives took baby steps; for example, the mortgage initiatives focused exclusively on Illinois and Wisconsin in the first decade of the 2000s. CCU gradually took larger steps with higher-risk auto loans, secured

by collateral, while taking an appropriately conservative approach to extending unsecured credit, such as credit cards. The largest steps were taken when Rewards Checking was added in in 2007, primarily because of the lower risk presented with deposit products.

The combination of ever-improving technology, facility upgrades at all service centers, an ever-expanding menu of products and services all presented under the umbrella of CCU's new branding all came together to provide the right opportunity to leverage the credit union's associational charter.

Other Significant Events

Other significant events occurred throughout the decade, as well; in fact, too many to include them all. For the sake of completeness, the following three events stand out and merit inclusion in this report.

First, the credit union celebrated its 75th Anniversary in 2005. This historic occasion was quite an achievement, really: from a small cooperative born way back in 1930 – simply to provide milk at a fair price – the credit union was now home to 49,624 Members and had grown to \$408.7 Million in assets by its 75th birthday.

Another significant event was the merger of North Shore Gas Credit Union (NSGCU) into the Consumers Credit Union family on January 1, 2006. This merger provided several benefits to all: a significant increase in the menu of products and services available to NSGCU Members, while valuable new employees were added to CCU's family.

Finally, the credit union created Consumers Employee University (CEU) in 2006. This comprehensive initiative, rolled out by the Human Resources and Technology departments in 2007, was designed to improve and standardize staff training. The continuing education requirements became part of each employee's annual review process, from the newest teller to the CEO. CEU was so successful that it was recognized as the best E-learning program in the nation by Credit Union National Association (CUNA) in 2008.

The Decade by the Numbers

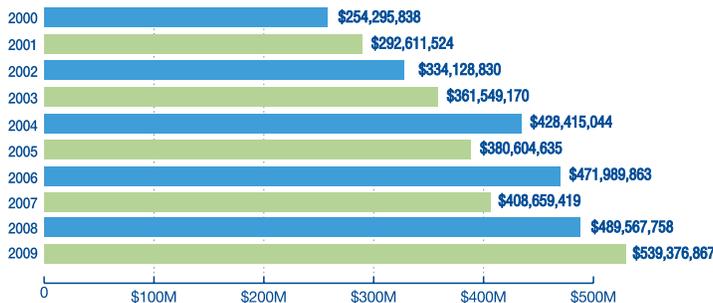
The first decade of the 21st century included many tumultuous events. The 2000s opened under the shadow of Y2K, then quickly was confronted with the dot.com implosion followed by international terrorism, the real estate crash and the worst financial crisis since the Great Depression. That's a lot of pain in 10 short years ... so much pain, in fact, that it left many financial services providers crippled and paralyzed for years to come.

In contrast, CCU created the platform necessary to achieve long term success, using each crisis as a learning experience to grow ever stronger. While other financial services providers retreated, Consumers invested in infrastructure, technology, employees and its Members, adding the new products and services Members wanted and deserved. Most importantly, the Consumers' ability to overcome the challenges of the early 21st century positioned the credit union for long-term growth, creating the building blocks to make the next decade its strongest ever.

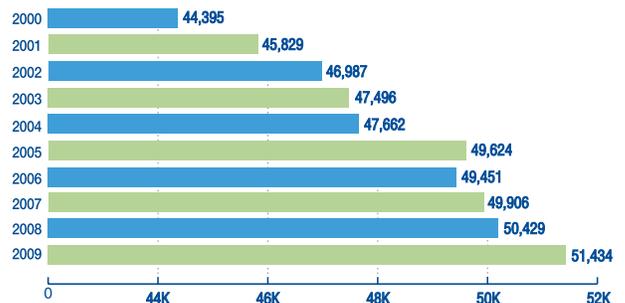
The charts below illustrate CCU's stability and strength, with financial outcomes to make all stakeholders proud. During the decade, the credit union ...

- ASSETS more than doubled to **\$539,376,867** (from \$229,960,274 at the start of 2000)
- LOANS/LOANS SERVICED grew by 211% to **\$377,398,631** (from \$178,975,442 at the start of 2000)
- DEPOSITS more than doubled to **\$491,308,220** (from \$208,896,630 at the start of 2000)
- MEMBERSHIP grew to **51,434**, an increase of more than 20% since the start of 2000

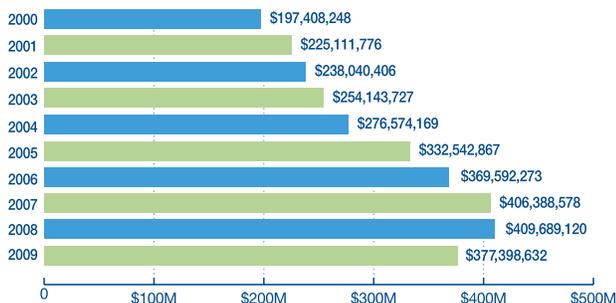
ASSETS



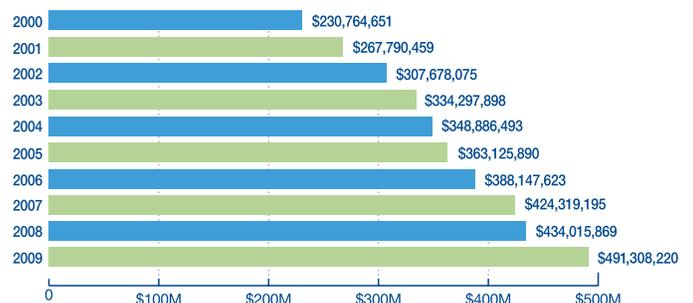
MEMBERS



SERVICE LOAN HISTORY



DEPOSIT HISTORY



Milestones of the Decade

The credit union achieved several important milestones during the first decade of the new millennium. We doubled our number of branches from three to six, and our oldest branches received significant upgrades. We merged with North Shore Gas Credit Union and introduced a new CCU “brand.” During the decade, we also welcomed two new Chairmen of the Board and our first new President since the 1970s. The timeline that follows highlights our milestones of the decade.

2001

September – Gurnee Branch opens

2002

March – James Mahnich elected Chairman of the Board
May – North Waukegan Branch opens

2004

March/ April – William M. Reidel retires after 25 years as President, succeeded by Sean M. Rathjen

2005

May – Open Contact Center
June – Launch 75th Anniversary celebration

2006

January – Merges with North Shore Gas Credit Union
Introduces new brand image and shortens name used in marketing and advertising to Consumers Credit Union (from Consumers Cooperative Credit Union)
May – Replaced our core processor with a new system from Fiserv, one of the nation’s leading core processor solutions providers
June – Joins Shared Branching Network, allowing Members to conduct transactions at thousands of credit union offices nationwide
December – “Grand Re-Opening” of remodeled Gurnee Branch

2007

May – “Grand Re-Opening” of remodeled Waukegan Branch

2008

March – John R. Janezic elected Chairman of the Board
June – Ground-breaking ceremony for new office in Volo, IL
November – “Grand Re-Opening” of Mundelein Branch

2009

February – Grand Opening of Volo Branch

Awards and Recognition

Throughout the decade, the credit union was honored for our community involvement, social outreach and our progressive approach to doing business. The information below recaps some of the awards and recognition the credit union earned in the first decade of the 21st century.

2001:

Earned Web Trust Seal for website security – the first financial institution in Illinois to earn this distinction

2003:

1st Place, Louise Herring Awards for demonstrating the credit union philosophy in Action (awarded by Illinois Credit Union League)

2nd Place, Dora Maxwell Award for demonstrating social responsibility (awarded by Illinois Credit Union League)

2004:

Recognized by State of Illinois for demonstrating leadership in the Village of Mundelein's Child Safety Awareness program for local sponsorship of the national DNA Lifeprint Child Safety Program.

2006:

1st Place, Louise Herring Awards for demonstrating the credit union philosophy in Action (awarded by Illinois Credit Union League)

2nd Place, Dora Maxwell Award for demonstrating social responsibility (awarded by Illinois Credit Union League)



2007:

1st Place, Louise Herring Awards for demonstrating the credit union philosophy in Action (awarded by Illinois Credit Union League)

1st Place, Dora Maxwell Award for demonstrating social responsibility (awarded by Illinois Credit Union League)

2008:

1st Place, Louise Herring Awards for demonstrating the credit union philosophy in Action (awarded by Illinois Credit Union League)

1st Place, Dora Maxwell Award for demonstrating social responsibility (awarded by Illinois Credit Union League)

2009:

William M. Reidel inducted into the Illinois Credit Union Hall of Fame

Named Fannie Mae's Prime Alliance "Lender of the Year" award for mortgage services

2010 – 2019: Emerging from the Great Recession – Stronger than Ever!

The second decade of the 21st century opened with the challenge of emerging from the worst financial crisis in the United States since the Great Depression. Dubbed “the Great Recession,” the collapse that began in 2007 engulfed nearly every sector of the American economy.

According to Wikipedia,¹ the Great Recession was a period of general economic decline in world markets during the late 2000s and early 2010s. The scale and timing of the recession varied from country to country. The Great Recession stemmed from the collapse of the United States real estate market (led by a gross over-extension of subprime mortgages) and the so-called “too big to fail” mega banks. While policies of other nations also contributed to the world-wide financial collapse, the banking and subprime mortgage sectors were clearly the leading culprits in the United States.

According to the U.S. National Bureau of Economic Research, the official arbiter of U.S. recessions, the recession technically began in December 2007 and ended in June 2009, thus extending more than 19 months. The Great Recession resulted in the scarcity of valuable assets in the market economy and the collapse of the financial sector (primarily the largest banks) in the world economy.

When the current economic problems first surfaced in the securities and insurance industries in early 2008, the response at the national level was to create a series of bailouts for the companies involved. This approach was extended to banks and other financial institutions in late 2008 and again in 2009.

Sadly, government handouts are a lot like treating an illness with pain medication rather than looking for the cause. Predictably, these bailouts did not cure the root causes of the problems: greed and lack of accountability.

And while the credit union industry was not responsible for the Great Recession, the event nonetheless placed a great amount of strain on the credit union system, as well.



A leading cause of this strain was the failing of two of the largest corporate credit unions.² While Consumers and most other credit unions weren’t involved in subprime mortgage lending, these two corporate credit unions had invested in that market. Credit

unions who were shareholders of the corporate credit unions (including CCU), had a direct financial loss as a result.

How did the credit union industry respond? In stark contrast to the bailouts of the banks, credit unions did not take one penny of financial assistance from the federal government. No Troubled Asset Relief Program (“TARP”) funds for CCU or any other credit union. And no special legislation. Instead, CCU joined hands with other credit unions throughout the country to strengthen the system. We worked together, in the same cooperative spirit that’s powered the credit union movement since it began more than 150 years ago.

There is a cost of working together, of course, and Consumers Credit Union contributed a great deal of time and money to the cause. Our financial commitment came in two forms: as a special assessment for federally insured credit unions from the National Credit Union Administration³ (NCUA) to supplement reserves in the share insurance fund; and, by writing-off our capital shares in the impacted corporate credit unions. What’s most important is that our financial contributions were consistent with the cooperative spirit of credit unions and were not a result of CCU’s own financial performance.

The Great Recession led to the federal government adding an entirely new layer

of regulatory burden in the form of the 2010 Dodd-Frank Act, its companion Durbin Amendment and the creation of the Consumer Financial Protection Bureau (CFPB). While these legislative initiatives purportedly targeted the mega banks responsible for the financial crisis while exempting financial institutions under \$10 Billion in assets from direct on-site regulation by the CFPB, the enabling legislation did not provide the necessary protections for credit unions and community banks. All credit unions and community banks – even those with less than \$10 Billion in assets – still became subject to the CFPB’s rules. As you’ll see in the Regulatory Environment section of this chapter, CCU would face considerable time, direct expense and lost revenue as a consequence of the Dodd-Frank Act.

It’s fair to ask why we included so much information about the previous decade when this section should be looking forward to the 2nd decade of the 21st century. The answer is quite simple: the circumstances listed above created the environment in which the credit union was forced to operate, especially in the early years of the new decade. In response, CCU implemented a comprehensive plan to assure we emerged from the decade stronger than ever.

First and foremost, we implemented several steps to improve earnings and increase reserves. Amazingly, CCU entered 2010 having made a modest profit based on income from operations in the last year of the previous decade ... proving even in the most difficult economic times, our safe, sound, “Members First” approach would yield positive results.

Second, we re-examined every line-item of every expense to assure Members received maximum benefit from each dollar we

spent. CCU took this a step further: rather than simply cutting expenses, we accelerated investments in technology and infrastructure to improve our operating efficiency and updated our 5-Year Strategic Business Plan to build for the future. Every move was made with one objective in mind: to help us continue to grow in the years to come.

The investments in technology allowed us to take a deeper look into how we would deliver our products and services in the new decade. For example, we migrated our VISA portfolio to PSCU – a credit card processor owned and managed by credit unions, providing Members a more cost-effective structure that allows us to maintain competitive rates while offering more robust promotions. More examples are included in the innovation section that follows below.

As was the case in the first decade of the 21st century, there were several trends and themes that define the decade of 2010 – 2019. This section explores those themes in more detail in the coming pages. They include ...

- *Risk Management and the Regulatory Environment*
- *The Role of Innovation*
- *Centralization of Administrative Staff*
- *Lending Growth*
- *Out-of-market Member Growth*
- *Mergers and the Expansion of Our Local Footprint*
- *Expansion of Financial Advisor Services*
- *The Decade by the Numbers*
- *Milestones of the Decade*
- *Awards and Recognition*

¹Excerpted from Wikipedia Online reference, sourced November 13, 2018.

²Corporate credit unions provide services to the credit union movement, such as check clearing, investment options and loans.

³NCUA is the credit union industry’s regulator for all federally chartered credit unions and also has governance over state-chartered credit unions that are federally insured.

Risk Management and the Regulatory Environment

As mentioned in the introduction to 2010 – 2019, the Great Recession led to the Dodd-Frank Act and the creation of the CFPB. The result: a climate of heightened scrutiny and oversight for all financial institutions (FIs). It's appropriate, then, that risk management and the regulatory environment should be the first theme we address for the new decade.

While CCU and all responsible FIs would agree that smart regulation is necessary for our industry, the pendulum had clearly swung in the "over regulation" direction during the early years of the decade. It didn't matter that credit unions weren't responsible for the financial crisis or that credit unions took NO government money for bailouts: the Director of the CFPB took the position that regulations good for one financial institution were good for all. This obviated the stated intent of Dodd-Frank to protect credit unions and community banks under \$10 Billion in assets from over regulation.

Nor did it matter that credit unions already had our own regulator, the NCUA, and that state-chartered credit unions such as CCU, were regulated at the state level, as well. What mattered was the new regulatory environment required CCU to take several steps to strengthen its internal processes to assure compliance.

The credit union entered the new decade with two employees with direct responsibilities in Compliance: a Manager and a Bank Secrecy Act (BSA) Specialist. During the decade, the credit union expanded its risk management focus significantly beyond compliance. A new area was formed called Strategy & Risk Management.

This area encompassed seven different departments: Compliance & BSA, Internal Audit, Fraud, Contract Management,

Enterprise Risk Management, Special Projects and Strategy, which includes financial analysis on new business opportunities and due diligence for mergers. The area grew to a total 10 employees, led by the new executive position of Vice President of Strategy & Risk Management, added in 2015. Additionally, the credit union added compliance positions in the business units to comply with the expanded regulations. The credit union's strategic focus on mergers also necessitated the need for business analytics on potential merger opportunities.

The cost of the increased regulatory burden throughout the industry was enormous in terms of actual staffing costs combined with soft costs of employee and management time. As a result, in 2017, Credit Union National Association (CUNA, the credit union's national trade organization) conducted an exhaustive survey to ascertain the impact on the credit union industry. The survey measured the overall regulatory impact, taking into consideration such factors as risk management, compliance, all areas of lending, Member services, deposit operations, finance, information technology, human resources and legal expenses.

CCU calculated its combined cost of complying with the new regulatory environment at more than \$3 Million – money the credit union would have preferred to spend on areas such as innovation and Member services. In fact, it would have been quite easy to blame regulations for any negative impact on financial performance and Member growth.

Consumers took a different approach: we used the new environment to strengthen internal operations so we would be positioned to scale the organization and optimize managing the resources of our Members.

For example, the new Strategy & Risk Management area worked closely with Technology to identify better ways to prevent fraud and protect the personal information of our Members. We leveraged financial and business analysis and technology to help evaluate potential merger partners to assure any impact on CCU would be positive for our Members. The new contracts management area helped assure our vendors and business partners provided services that are both cost effective and in the credit union's best interest.

Another example was forming the new Enterprise Risk Management Committee (ERM) at the Board of Directors level. The primary role of Credit Union Boards is governance and oversight. The increased organizational focus on strategy and risk management in the newly created area provided the Board with more comprehensive analytics and information that in turn helped them better manage their responsibilities.

The new NCUA framework for mergers, effective in 2018, provided the credit union with even more opportunities to capitalize on new strategic opportunities in the future.

The bottom line: CCU is committed to appropriately managing risk and opportunity in a responsible fashion. Because risk management, regulatory compliance, and strategic opportunities impact every area of the credit union, you will find additional references where applicable in the sections that follow.

The Role of Innovation

One of the defining themes of the previous decade was CCU's early adoption of technology and security enhancements. That commitment continued to pay dividends in the 2nd decade of the 21st century in the form of an enterprise-wide emphasis on innovation.

The focus on innovation was an outgrowth

of the 5-year Strategic Business Plan, adopted for the period 2010 – 2014. The planning session identified areas where CCU could improve service delivery, with an emphasis on attracting new Members comfortable with primarily conducting their business Online or via phone, rather than in the Service Centers.

The first item – improving our service delivery – led to the creation of CCU's Process Improvement Department. The new Department worked with every area of the credit union to identify how current processes (both Member facing and back office) could be improved to create better operating efficiency and better Member service. The result was to encourage non-traditional thinking and to help foster innovation.

Much of the progress we achieved in the early part of the decade may seem quite simple today; yet, the most important result was reshaping how employees approached their positions. In short, every person in every role was encouraged to develop an eye for innovation.

Some of those early results included converting Online Banking and Bill Pay to provide enhanced features such as secure messaging. Mobile Banking was upgraded to offer free downloadable "apps" for iPhone and Android while expanding the menu of text alerts available for Mobile Banking users. These enhanced services helped CCU keep pace with larger FIs in the race to attract new Members in an increasingly mobile world.

Another innovation-driven initiative was the upgrade of CCU's Rewards Checking product in the fall of 2011. CCU worked with its Rewards Checking business partner to add credit cards to the monthly qualifiers by creating three levels of rewards rather than just one. This allowed Consumers to radically increase the potential dividend for Members at the same time most FIs were cutting deposit rates. This innovation

was one of the drivers for attracting out-of-market Membership and leveraging our Associational charter.

One of the breakthrough innovations of the decade was moving our new accounts staff to a centralized location. This project was a collaboration of Technology, Operations, Sales & Marketing and CCU's entire Senior Management Team. This new approach to doing business allowed Members to open most accounts, including deposit accounts, consumer loans and credit cards, using a video connection to employees located in a single office.

Centralization presented a sea-change for staff and Members when the new accounts team was moved to the upper level of the Round Lake Beach location in late 2013 and into the next year. Once a branch was converted to the new model, only specialty accounts (Commercial, Trust, Youth, etc.) would be opened in the Service Centers. The credit union would also accommodate those very few Members who resisted using the new technology.

The primary benefits of centralization were improving the service experience for Members while also improving operating efficiency for the credit union. The new model reduced wait-times in every branch, some as dramatically as 80% for smaller offices with more limited staff. Member acceptance turned out to be even better than predicted.



CCU Member applying for a new account using video connection to centralized new accounts team

The project earned national recognition when it was selected as winner of the CUNA Technology Council's 2014 Excellence Awards competition in the "Member Service / Convenience" category. We also earned the aptly named "Innovation Award" from Interactive Intelligence, Inc., our phone software provider, for the integration of its solution in our in-branch workflow for new Member enrollment and loan applications in the new model.

Our focus on innovation extended to product development, as well. In September 2014, CCU sent a 4-person team to an innovation competition hosted by PSCU, our partner for credit and debit cards. The team created an application that allowed Members to calculate potential savings for credit card balance transfers, then make the transfers safely and securely through their mobile app. PSCU selected our team as National Champions in their "knock-out innovation competition."

Perhaps the biggest innovation project of the decade was the adoption of a new core processor in 2017 when CCU upgraded to Fiserv's "DNA[®]" product. DNA is an account processing platform that provides credit unions the flexibility and scalability to support new products and expanding business models while delivering the 24/7 real-time experience Members expect.

DNA was selected in part because it is built on the Oracle database platform, which allows the credit union to customize virtually any product or service it offers. In turn, this gives CCU a big edge when it comes to attracting new Members, as well as adapting to the ever-changing landscape of product and service innovation. For example, within the first year of the DNA conversion, CCU was able to move its Rewards Checking platform in-house, saving a great deal of expense while offering new features that made the product even more attractive for Members.

Finally, the credit union's innovation extended to its Human Resources Department, as well. Recognizing the need to create work/life balance, CCU worked with its healthcare provider to provide a comprehensive wellness program for Team CCU. The credit union hosted internal fitness competitions and provided a host of other initiatives such as free screenings for blood-pressure and cholesterol.

CCU also implemented its no-cost, confidential Lifeworks employee assistance program (EAP), a service that offers help with personal and work-related issues. Professionally trained consultants are available to help with family problems, marital concerns, financial and legal matters, stress, depression, and other issues affecting their personal or work life.

Innovation and CCU:
a winning combination!

Centralization of Administrative Staff

In the first decade of the new millennium, CCU more than doubled in size in several important categories: number of Service Centers, assets, deposits and loans serviced. The new Commercial Accounts Department was growing rapidly, and technology was increasingly critical to the credit union's success. Managing this growth required an increase in CCU's "headcount" throughout the enterprise.

Historically, CCU's back-office team (Accounting, Human Resources, Technology, Lending, Marketing, etc.) and the senior management team were scattered among Consumers' largest Service Centers: Waukegan, Mundelein and Round Lake Beach. While this approach made great use of available resources, it was clearly not an efficient way to for the credit union to grow.

Moreover, the explosion of web-based applications like mobile banking, an explosion of payment options, the new process improvement department and the

centralization of the new accounts team created a clear need for more space in a facility dedicated to administrative, support and senior management personnel. In fact, this need was identified as a priority in the credit union's 2010 – 2014 Strategic Business Plan.

A compelling reason for an administrative facility was to improve operating efficiencies. Team CCU would have better and faster access to decision makers at all levels. Managers would have first-class facilities for everything from meetings with staff and business partners to deploying training for new processes and new products. For the first time in more than 30 years, the entire senior management team would be housed under one roof – and that means timelier and better informed decisions.

Another important benefit was to strengthen the enterprise-wide focus on innovation. Now, new product development would include the eyes of the process improvement department. Employees from different departments could be pooled on projects to glean new ideas from non-traditional sources. Equally important, ideas would no longer be vetted in a vacuum; now, they could be more fully explored, to include potential impact on other departments.

The credit union entered 2010 with ambitious plans to once again more than double in assets, loans serviced, deposits and other key metrics in the new decade, just as it had from 2000 - 2009. An efficient, centralized administrative facility would provide the benefits of scale to transform those goals into realities.

After an extensive search, CCU identified a building in the Tri State Business Parkway with a capacity of approximately 200 employees. The building is conveniently located just one mile from the important I-94 corridor, providing easy access for employees, business partners and guests.

The build-out for the new facility began in 2013 and continued through the end of 2014. By Spring 2015, all back-office departments had been successfully relocated to CCU's new administrative headquarters at 1075 Tri State Parkway in Gurnee. For the first three years, approximately 25% of the space was sub-leased to DeVry University. When DeVry's lease expired at the end of 2016, CCU quickly expanded into the remainder of the building.

By 2018, it became clear the credit union's rapid growth would soon require an even larger facility. Consumers current plans are to build a new facility in another Gurnee



New Admin Center transformed raw space into bright, open, collaborative workspace in 2015

location. Stay tuned for the next chapter!

Lending Growth

CCU had several goals for increasing loan volume in the new decade: grow our Commercial Loans Department; create a home-grown "indirect lending" initiative for auto loans; improve share of wallet with current Members by developing an

outbound sales team; and, fuel growth by leveraging our associational charter and lending beyond our branch footprint. It was also important for each initiative to take into consideration the increased regulatory environment and with an eye on appropriate risk management. These initiatives are addressed in this section.

Credit unions have several restrictions on commercial loans, the most important of which is a "cap" on lending activity as a percentage of assets, currently set at 12.25%. Additionally, regulators tend to more closely scrutinize new initiatives until the credit union has a track record to evaluate. This meant a "go-slow" approach in the early years of this department was in order.

Consumers launched our Commercial Lending Department in earnest in 2009 with the hiring of a Vice-President of Commercial Lending. The goal was to grow volume slowly and to underwrite conservatively in the early years. CCU contracted with a third-party underwriter to help assure applications fell within these conservative guidelines.

Volume has grown in proportion to Consumers' asset growth and is consistently within 10% to 15% of the regulatory cap. The department also grew to nine employees: a VP, two Senior Loan Officers, a Treasury Management Specialist and five employees in a variety of support positions. CCU's commercial team has received glowing reports from both federal and state examiners, allowing underwriting to be completely handled internally.

Indirect lending is essentially a simple model: the FI establishes a relationship with auto dealers, who in turn refer their customers as potential borrowers with the FIs. The key to success is working with dealers that have a great deal of integrity and by continuously monitoring the quality of the referrals from dealerships.

The credit union's indirect lending initiative kicked off with the hiring of a Director of Underwriting in 2009. The Director came to CCU with extensive experience working with automobile dealerships and put that knowledge to use by creating a proprietary indirect lending program.

During the decade, CCU has created a network of indirect dealers in Lake, McHenry and Cook County, Illinois, along with select dealers in southeastern Wisconsin. By creating its own program, CCU was able to maintain the necessary controls to have a successful program even as it has steadily increased in volume.

Another way to grow a portfolio is to improve "share of wallet" by increasing product and service penetration with existing Members. Consumers addressed this opportunity by developing an outbound sales department. The object: contact Members who have auto loans and credit cards with other FIs and encourage them to move their loans to CCU. The incentive for Members to do so is saving money: our loan rates are typically favorable enough that many Members could save hundreds (and sometimes even thousands) of dollars by refinancing their loans with CCU.

The outbound calling initiative began with one employee in February 2012. It was so successful that a second employee was added by the end of that year. The department has since expanded to include a Manager and 10 sales representatives.

The outbound sales team's role continued to expand, as well, to include soliciting non-Members from out-of-market areas, enrolling new Members in Rewards Checking and assisting with the onboarding process for new Members joining the credit union from the indirect lending platform. The results: by 2018, the outbound sales team was on track to deliver approximately \$68 Million in additional loans serviced by CCU.

When it comes to leveraging the credit

union's association charter, one of the biggest initiatives was out-of-market lending for mortgages. Historically, CCU only approved mortgage loans in Wisconsin and Illinois. In April 2018, the credit union started to allow approvals in four additional states: Florida, Georgia, South Carolina and Virginia.

The initial results were so encouraging, the geographic areas were expanded to include Ohio, North Carolina, Arizona, Indiana, Pennsylvania, Tennessee and Texas, bringing the total to 13 states. The efforts will not stop there. Before the end of the decade, plans are to add Colorado, Minnesota, Michigan, Washington and Missouri. Other states are also under serious consideration for future inclusion, as well.

CCU's goal to expand our lending portfolios has yielded remarkable results. While the methods may have varied from one product to the next, every lending area expanded as a result of these initiatives. Once again, the results speak for themselves: by the end of the decade, the credit union had made loans in 49 of the 50 states. When speaking of the credit union's lending portfolio, it's fair to say it clearly met the goal of leveraging Consumers' associational charter.

Out-of-market Member Growth

The effort to leverage CCU's associational charter beyond the branch footprint also extended to deposit products and electronic services. As mentioned in the Innovation section, the decade of 2010 – 2019 saw an enterprise-wide initiative to strengthen Consumers' competitiveness with services such as Online banking, mobile apps, electronic statements (including for credit cards), remote deposit capture, our website and other web-based services.

Having best-of-class services was an essential element of attracting Members outside CCU's "home" market because these Members contact the credit union almost exclusively via the web. It was important for out-of-market Members

to be both comfortable with and have confidence in these services to cement these relationships – factors that underscore the importance of innovation.

Rewards Checking was CCU's leading new Member acquisition product during the decade. There are several reasons why this product was so important. First, virtually every Member has a checking account. Second, debit cards (rather than checks) became the common instrument for accessing that checking account. Third, CCU's Rewards Checking product offered one of the highest dividends in the nation throughout the decade.

The credit union made four very important changes in 2011 that fueled the popularity of Rewards Checking. Effective in November 2011, CCU raised the dividend rate in the face of continuously falling savings rates elsewhere in the market – both locally and nationally. At that same time, CCU guaranteed the high rate for the six-month period ending April 30, 2012, making the product even more attractive for those who might be skeptical of so-called teaser rates. These guarantees were extended twice over the course of the next year.

In November 2011, we added two additional rewards tiers by adding our credit card to the program, assuring potential interest income would be the highest in the nation. And to assure virtually everyone opening a checking account had the opportunity to earn these rewards, Consumers made Rewards Checking its default checking account at that same time. The results are clear: by the end of the decade, CCU had opened deposit accounts in all 50 states.

While the dividend rates and qualification tiers continue to change from time to time, CCU remains an industry leader with this product. During the decade, CCU was recognized numerous times by organizations such as WalletHub, which named CCU's Rewards Checking the "Best Online Checking Account" available

nationwide, and NerdWallet, declaring that CCU had the best interest rate for credit union checking products nationwide. The credit union also received similar awards from Forbes and from Kiplinger's Washington Letter.

Consumers Credit Union has the products and services that support out-of-market Member growth. Most importantly, we also have the enterprise commitment to innovation that will keep us competitive in these markets in the future.

Mergers and Continued Expansion of Our Local Footprint

Consumers Credit Union placed a considerable amount of emphasis on leveraging our associational charter during the first two decades of the 21st century. That emphasis did not deter CCU from also focusing on growing with the geographical footprint of our Service Centers, as well.

In fact, attracting more new Members in our local communities while expanding our branch footprint was another important goal during this period. This goal was supported in a variety of ways, most notably by merging with other credit unions and identifying potential locations for new Service Centers.

The right merger opportunities provide a unique opportunity for instant growth. Towards that end, CCU looked for potential partners with complementary geographic reach, minimal duplication of Members, strong financial performance and a good relationship with current Members.

There are several reasons such credit unions would have an interest in merging with CCU. For many, Members would immediately benefit from Consumers' broader menu of products and more sophisticated electronic services they couldn't provide on their own, simply because they didn't have the resources required to do so.

During the decade, CCU identified and consummated mergers with three outstanding partners.

- 2015: Premier Credit Union of Palatine, IL
- 2017: Encore Federal Credit Union
- 2017: Meadows Credit Union



These mergers expanded CCU's geographic footprint across northern and western Cook County, from Lake Michigan to the McHenry County line. We added Service Centers in Palatine, Schaumburg, Northbrook and Des Plaines, IL.

In addition to expanding into complementary geographical areas, these mergers also passed the test of limited Membership overlap. These mergers helped CCU increase assets from \$628 Million at the start of 2015 to more than \$1.23 Billion by the end of 2017, while growing Members from 62,599 to 109,798 during that time.

The second approach for expanding CCU's footprint was to identify opportunities in and near our current locations where it would make sense to build a new Service Center. This goal of this strategy was to reach more potential new Members while also enhancing how we reach and serve current Members.

CCU commissioned two studies in 2016 to look at a variety of potential locations for a new facility, along with opportunities to relocate and upgrade existing offices. After an extensive analysis, we chose Kildeer, IL, as the optimal location for a new Service Center. The new facility is now open on busy US HWY 12 in the Kildeer Village

Square, providing a perfect complement to other locations while filling a void in the western part of Lake County.

The Kildeer Service Center employs cutting edge technology that is second to none in the industry. The branch offers a convenient digital banking experience along with personal concierge service in a warm, inviting atmosphere. In addition to handling routine transactions, the facility has the capacity to house a financial advisor and real estate loan officer while maintaining an ultra-modern, intimate feel.



Interior of Kildeer Service Center



Pictured left to right:

Dave Valentine, CCU's Vice-President Marketing Retail Service & Sales, John Janezic, CCU Chairman of the Board, Suzanne Corr, President / CEO of the Barrington Chamber of Commerce, Adrianna Bravo, Member Experience Manager at the Kildeer Service Center, Michael Talbett, Kildeer's Chief Village Officer, Claire Slattery, Executive Director of the Lake Zurich Chamber of Commerce and Sean Rathjen, CEO, CCU.

CCU will continue to look for new opportunities to expand our footprint in the years ahead. Whether that growth is accomplished by merger, additional Service Center locations or from organic growth within the current branch footprint will be written in a future chapter.

Expansion of Financial Advisor Services

Consumers Credit Union began providing financial advisor services in the latter part of the 20th century. While this has been a free service for Members since its inception, this department historically had a very low penetration among Members. One reason was the perception – real or imagined – that “wealth management services” were only for “rich people.” Another reason was the lack of an enterprise-wide emphasis on the department.

Those perceptions were washed aside in the summer of 2015 when CCU embarked on a new partnership with CUNA Brokerage Services, Inc. (CBSI) to create Consumers Financial Group (CFG). CBSI is a division of CUNA Mutual Group, a company with a rich tradition of providing services to credit unions nationwide and one of CCU’s long-standing, trusted business partners.

CFG brought many exciting changes when it replaced the credit union’s previous financial planning service. First and foremost, CCU and CFG are determined to support Members with beneficial accounts that help Members work towards their individual financial goals. Second, the department launched with two financial advisors; this doubling of capacity provided a great opportunity to encourage more Members to take advantage of this important service.

As of April 2018, the group has grown into a team of five with three full-time financial advisors: Stuart Cooper CRPC®, Michael Pozzi and Gerran Batterberry. The CFG team is supported by two outstanding program coordinators: Sarah M. Faulkner and Carla Bonilla. A picture of the CFG team is included on this page.

CFG’s full time, full service team means Members can meet with an advisor in any of the credit union’s 10 Service Centers to discuss their individual needs. All Consumers Credit Union Members are welcome to schedule a complimentary



CFG team (left to right): Michael Pozzi, Sarah Faulkner, Stuart Cooper, Carla Bonilla and Gerran Batterberry

meeting to explore how CFG can help them design a plan for their financial future.

Through CBSI, CFG is able to provide the same comprehensive menu of investment opportunities Members would expect to find at a large brokerage firm. Examples include traditional investment options, savings accounts for retirement, college savings programs and insurance products to help protect each Member’s assets. There is one important difference: these financial planning services are still provided at no charge to Members.

The new, expanded CFG team has been extremely well received throughout the credit union. As of the end of 2018, CFG already has hundreds of Members as its clients and is well positioned for growth well into the next decade of the 21st century.

Additional Significant Events

There were a few additional events that occurred during the second decade of the 21st century. Two of the more significant events included the restructuring of CCU’s Senior Management Team and the expansion of the Human Resources Department.

The Senior Management Team (SMT) was expanded in 2015 to add the position of VP of Strategy & Risk Management. The importance of this new role is explained at length in the Risk Management and the Regulatory Environment section of this decade.

SMT was further expanded in 2016 with the addition of a Vice President of Payments. This decade has witnessed an explosion of payment options, from traditional credit and debit cards to electronic solutions such as Wallets, Apple Pay and many, many more. It became increasingly clear CCU would benefit by having a department that could focus specifically in this area. Today, all forms of electronic payments, along with more traditional payment sources such as credit and debit cards, are managed in the Payments Department.

The first change in the Human Resources Department occurred in 2017 when CCU elevated the HR leadership position to the level of Vice President. This allowed the credit union to expand its search for seasoned, professional HR veterans who could bring a new perspective to the department.

The HR Department has grown rapidly in the time since. Most of the new positions focus on the critical areas of recruiting and training. The future growth of the credit union will be tied closely to the success of these initiatives.

The most recent change to SMT came in 2018 with the consolidation of sales, marketing and retail delivery under the new title of Vice President of Marketing, Retail Service and Sales. The new position combines the former VP positions of Member Experience and Sales & Marketing into one. The goal of this change is to improve the vertical integration of service delivery in all Member-facing positions throughout the enterprise.

Finally, CCU lost several leaders during the decade, each of whom played a significant role in the growth of the credit union and our sponsor, Consumers Cooperative Association. They are remembered in the "In Memoriam" section in the right hand column of this page.

In Memoriam

Consumers Credit Union lost six long-time volunteers during the 2nd decade of the 21st century. These leaders had a powerful impact on the history of both the credit union and our sponsor, Consumers Cooperative Association. This section honors their memories, with the years of passing noted in parentheses.



Roman Miller (2010)

Roman Miller served on CCU's Board of Directors and Committees from 1983 - 2010, including several years as Secretary and Treasurer. Roman used his brilliant mind unselfishly for the good of our CCU, its Members, and the community. His insights about financial and policy matters while serving on the Asset-Liability Committee were second to none.



Helen Dragunis (2011)

Helen Dragunis served CCU as Board Chair from 1966 - 1974. Under her leadership, the credit union experienced tremendous growth. A signature event of her tenure was the opening of CCU's Washington Street office in Waukegan.



Helen E. Watkins (2012)

Helen E. Watkins served on the credit union's Board of Directors from 1977 - 1979. She was Chair of the Supervisory Committee in 1979. Additionally, Helen was the Treasurer/General Manager of Trinity AME Credit Union for 20+ years. Helen is remembered for her significant contributions to the credit union movement.



Joe Lecessi (2013)

While Joe Lecessi had a brief tenure on CCU's Board of Directors, he was a champion of the credit union movement. Joe helped organize the credit union at Kraft Foods in Deerfield, Illinois. Always a willing volunteer, he worked with enthusiasm and without concern about who got credit for the success of the project.



Elizabeth (Liz) Oldham (2015)

Elizabeth (Liz) Oldham served in a variety of positions on Consumers Cooperative Association's Board of Directors. She was an effective and influential leader on the Board, serving as its President her last few years on the Board. Liz is fondly remembered for her dedication and sense of humor.



Gabrielle Marie Scaccia (2016)

Gabriella Marie Scaccia was another dedicated volunteer on Consumers Cooperative Association's Board of Directors and its various committees. During the last several years on the Board, Gabriella served the Association as Board Secretary. Gabriella and her hard work will certainly be missed.

The Decade by the Numbers

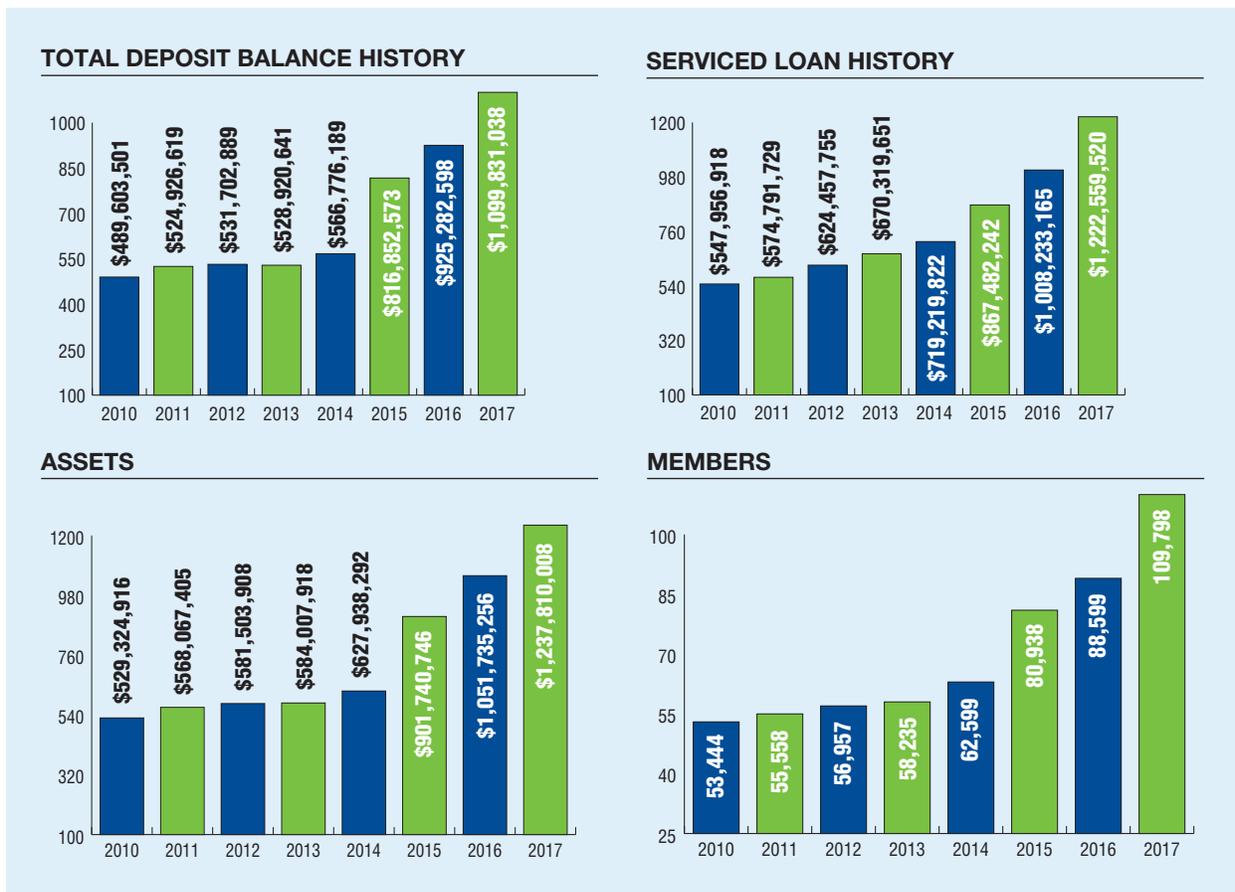
Consumers Credit Union continued our tradition of delivering steady growth during the second decade of the 21st century. Emerging from the challenges of the great recession that dominated the conclusion of the previous decade, CCU achieved outstanding performance across all financial measurements.

Our steady, measured growth demonstrates the credit union's commitment to delivering progressive, cutting edge products and services while protecting the assets of our Members. We conducted business in a safe, secure fashion while working tirelessly to innovate and build a next-generation credit union that will meet our Members needs for years to come.

Just as we did in the previous decade, Consumers invested in infrastructure, technology, employees and our Members, adding new products and services our Members need. Why? Because we know our long-term growth depends on taking bold steps to assure we are well-positioned for the future.

Once again, the charts below illustrate CCU's stability and strength, with financial outcomes to make all stakeholders proud. Here are the top four highlights for the decade ...

- ASSETS grew by 229% to **\$1,237,810,008** (from **\$539,376,867** at the start of 2010)
- LOANS/LOANS SERVICED¹ grew to **\$1,222,559,520** (from **\$377,398,631** at the start of 2010)
- DEPOSITS soared past **\$1,000,000 (\$1 Billion)** during the decade
- MEMBERSHIP grew to **109,978** – more than DOUBLING from **51,434** at the start of 2010



¹"Loans/Loans Serviced" includes mortgage loans sold to the secondary market, yet still serviced by CCU.

Milestones of the Decade

Consumers Credit Union achieved more new milestones from 2010 – 2019. Membership soared past 100,000 and assets grew to more than \$1.25 Billion. We added four new Service Center locations along with a myriad of new products and services and continuously identified more ways to better serve our Members. A chronological listing of some of these achievements are listed below.

2010

- CCU launches new 5-Year Strategic Business Plan
- Board Treasurer Alice Clements appointed to Illinois Board of Credit Union Advisors

2011

- Enhanced Online Banking and Bill Pay solutions for Retail and Commercial Accounts
- Introduced Mobile apps for iPhone, Android and Blackberry devices
- Added FHA Mortgage Loans and electronic Member notices

2012

- Added eStatements for VISA Credit Cards
- Disbursed \$103+ Million in First Mortgages and more than \$200 Million in total Loans

2013

- Member Business Loans portfolio increased to \$46,302,053
- Introduced Remote/Mobile Deposit Capture

2014

- Remodeling of Round Lake Beach and North Waukegan locations
- Centralization of new accounts opening and loan application processes
- Added Express Pay feature to Online bill pay service

2015

- Centralized back-office staff and senior managers at new Administrative Center in Gurnee
- Added Consumers Financial Group as new wealth management service
- Implemented Consumers Mortgages™ and HomeAdvantage™ programs
- Merged with Premier Credit Union
- Named first Vice President of Payments
- Named first Vice President of Strategy & Risk Management

2016

- Enabled EMV chip technology plus automated fraud alerts for credit and debit cards
- Added Enterprise Risk Management Committee at the Board level
- Surpassed \$1,000,000,000 (\$1 Billion) in total assets

2017

- Merged with Encore Credit Union
- Merged with Meadows Credit Union

2018

- Opened new Service Center in Kildeer, IL

Awards and Recognition

Throughout the decade, the credit union was honored for our community involvement, social outreach and our progressive approach to doing business. The information below recaps some of the awards and recognition the credit union earned in the first decade of the 21st century.

2010:

Earned CUNA Mutual Group's Member Services Award

Earned Cameo Award from PSCU for excellence in E-Mail Marketing

2011:

Earned CUNA Mutual Group's Member Services Award

"Business Leader Award" from Lake County Chamber of Commerce

"Volunteer of the Year" award from One Hope United

2012:

Earned "Diversity Award" for local businesses from Village of Mundelein

Kiplinger Washington Letter names CCU as one of seven great credit unions in USA

2013:

Earned "Reflecting Excellence" award from *Reflejos* (Spanish-language newspaper)

Callahan & Associates recognizes CCU for Social Media excellence

2014:

Earned CUNA Technology Council's 2014 Excellence Awards competition in the "Member Service / Convenience" category

Earned "Innovation Award" from Interactive Intelligence, Inc.

Named National Champions in PSCU's "knock-out innovation competition"

Earned CUNA Mutual Group's Member Services Award

2015:

Kiplinger Washington Letter names CCU as FI of choice for checking accounts

WalletHub recognizes CCU for "Best Online Checking Account"

2016:

WalletHub once again recognizes CCU for "Best Online Checking Account"



Earned CULAC Circle of Excellence Award for legislative advocacy

2017:

CCU earned Community Partner Award from *The Peoples Voice* newspaper at the Most Influential African-American recognition ceremony

WalletHub recognizes CCU for "Best Online Checking Account"

CCU earns Best "Checking Account" recognition from NerdWallet

2018:

Earned Forbes Media award as "Best-In-State" credit union

CCU again earns Best "Checking Account" recognition from NerdWallet



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